

# The Far Eastern Review

ENGINEERING + FINANCE + COMMERCE

THE PIONEER IN ITS FIELD

*A Monthly Review of Far Eastern Trade, Finance and Engineering, Dedicated to the Industrial Development and Advancement of Trade in Far Eastern Countries.*

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## FAR EASTERN CROSS-CURRENTS

Bringing to an amicable conclusion six months of economic negotiations between Japan and French Indo-China, two treaties regarding convention and navigation rights, and Customs tariff and trade payments, were signed on May 6 by the Foreign Minister, Mr. Yosuke Matsuoka, and Ambassador Hajime Matsumiya for Japan, and Ambassador Charles Arsene-Henry and Governor Rene Robin for France, the Information Board announced.

The statement issued by the Tokyo Information Board read: "The Japanese and French Indo-China economic conference which opened at Tokyo last December for the purpose of establishing a new basis of economic relations between Japan and French Indo-China, has since been held daily in an amicable spirit and with the utmost comprehension despite the wide scope and complexity of the matters under negotiation.

"Complete agreement has been reached on various questions due to the earnest and laborious discussions between the delegations of the two countries.

In conclusion the announcement declared that the convention and the agreement will "all contribute greatly toward making closer Japanese and French Indo-China economic relations, thereby ushering in a new phase of collaboration between Japan and France in East Asia, a fact which is a source of mutual congratulation."

Terms of the convention as announced by the Information Board read: "The convention for the establishment of navigation rights provides for the reciprocal treatment of nationals and vessels of the two parties.

"It stipulates that Japan and French Indo-China will reciprocally accord national treatment as the occasion demands concerning the entry, establishment, acquisition and possession of movable and immovable property, exchange of commerce, the manufacturing industry, and the imposition of taxes of various kinds.

"Concerning vessels of the two countries, it also provides that they be treated in the principle of equal footing. The agreement concerning Customs tariff and the method of trade payment is a voluminous one consisting of 30 articles and annexed documents, and contains the following provisions:

"Regarding customs tariff, the two parties agree to accord mutually the most favored national treatment. Besides, French Indo-China agrees to afford the advantage of exemption of customs tariff

French Indo-China, and for the export to French Indo-China of textiles, other manufactured articles, and miscellaneous products of Japan.

"With regard to the method of payment, commercial payment between Japan and French Indo-China is based on the principle of compensation, and its settlement is made in yen and piastre directly through the Yokohama Specie Bank, and the Bank of Indo-China, dispensing thereby with exchange of foreign currency.

"Moreover, French Indo-China agrees to afford special favor with respect to payment for Indo-China rice purchased by Japan. An agreement in views has also been reached with regard to questions of admission of Japanese commercial firms into the Federation of Importers and Exporters in French Indo-China, participation of Japanese capital in agricultural, mining and hydraulic concessions in French Indo-China, the establishment of Japanese schools in French Indo-China, and the institution of periodical economic conferences for the examination of general economic questions between Japan and French Indo-China."

### "Co-Prosperity Sphere"

Taking the lead, editorially, on the Japan-French Indo-China economic accord the conservative newspaper *Asahi* said that "the agreement itself is purely economic but it must not be forgotten that the basis for its signing is our country's

economic needs and the ever-present consciousness of the East-Asia co-prosperity sphere."

Technically speaking the *Asahi* said, "there are bound to be trouble in the future," therefore "French Indo-China authorities should bear in mind the fact that they stand within the East Asia sphere and that they should respect Japan's position as the leader of the sphere."

On the other hand, continued the *Asahi*, "as long as French Indo-China has



J. P. L. Photo

One of the most significant recent events in the Far East was the signing in Tokyo of the two Franco-Japanese Agreements which open normal trade relations between Japan and French Indo-China. This historic occasion is pictured above. At left are the French Ambassador, Charles Arsene-Henry and Chief Delegate, Rene Robin signing for France. At right are Foreign Minister Yosuke Matsuoka and Ambassador Hajime Matsumiya signing for Japan.

or the reduction of the existing minimum Customs tariff to the principal products of Japan, and to levy a minimum tariff on all other Japanese products.

"Also in connection with the Customs tariff, Japan in turn agrees to accord the privilege of favorable Customs tariff to the principal products of Indo-China.

"As regards trade, provisions have been made with a view to increasing trade between the two countries, for the export to Japan of rice, maize, coal, minerals, and other principal products of

instituted economic control, there is urgent need for Japan to establish new trade organs which are aimed at the good of the nation and not for individual profit."

The *Aoishi* concluded that the Japan-French Indo-China economic agreement and establishment of peace in East-Asia are correlative."

#### Rubber Not Included

Coincident with the signing of the trade treaty between Japan and French Indo-China, the Cabinet Information Board announced that the accord generally provides for "most barter arrangements involving favored nation treatment" and principal commodities of both countries.

The announcement, however, significantly omits mention of rubber and it was learned from independent sources that rubber was not included in the agreement.

The announcement said that provisions had been made for the export to Japan of rice, maize, coal, minerals and other products and the export to French Indo-China of textiles, other manufactured articles and miscellaneous products from Japan.

#### Tokyo Anticipations

Commercial and financial circles expect much of the new agreement between Japan and France with regard to Indo-China, which they believe eliminates all artificial obstructions in trade between Japan and Indo-China as well as Japanese enterprises in Indo-China.

Hitherto Japan has been a heavy buyer in Indo-China, which however built a high tariff barrier against Japanese goods. Trade figures for 1937 show that Japan bought Y27,000,000 worth of goods from Indo-China, which bought only Y4,620,000 worth of merchandise from Japan.

The *Kokumin Shimbun* declares that the new agreement has laid a cornerstone for the sphere of common prosperity in greater East Asia as projected by Japan.

#### Reaction In Indo-China

The conclusion of the economic parley in Tokyo between Japan and France with regard to Indo-China is welcomed by French and Japanese colonies in Indo-China. Observers believe that Annamite consumers in Indo-China who have been experiencing a shortage of goods will derive benefit from the new agreement which will permit French traders to import merchandise of Japanese make.

The new economic accord is a blow to Anglo-American influence which has been capitalizing on the shortage of goods in Indo-China, says a Japanese source. The same quarter points out that normalization of trade relations between Japan and Indo-China will accelerate economic co-operation which in turn is conducive to development of the untapped natural resources of Indo-China.

#### Those Peace Terms

Considerable interest was aroused in the so-called peace terms put forward by the *Japan Times and Advertiser* recently.

The terms as published gave the impression that they constituted a compromise peace proposal put forward as a Japanese suggestion. Since the proposal as such was so one-sided, they were preposterous from the Anglo-American viewpoint and made the Japanese newspaper look silly.

The version which reached Shanghai quoted only portions of the proposal, it develops. An important final paragraph which makes it clear that these are "victor's terms" was not reported, resulting in the distorted impression. Just to restore the proper perspective, we quote that paragraph.

"All this is based upon what might be termed victor's terms, on the assumption that the Axis Powers have achieved a dominating position permitting them much liberty of dictation. Objections at once will be raised by Britons that they haven't lost the war, that they expected a long one, that Germany and Italy haven't succeeded in getting through the encircling blockade, that German resources are being taxed beyond the safety point and that the loss of Europe doesn't decide the war. All this may be true but the fact is the Axis nations are going from victory to bigger victory. They haven't lost a battle. Germany and Italy certainly feel themselves to be in the driver's seat, with the power of initiative, while the British Empire is already on the defensive, heroic and determined though it be. Rather than accept any such division of the world Great Britain might fight on. Indeed Mr. Churchill has repeatedly assured the world that such is the intention of his people, provided the United States gives help. The key to British success must be the solution of the blockade by the German navy and air force and the maintenance of American material assistance. It may well be that the isolationists will cause America to reconsider its policy and then the war would be over because, with all the will in the world the British people cannot fight on 'alone if necessary.' Hence the United States holds the power of decision and a grave responsibility rests upon Mr. Roosevelt's shoulders in this critical hour."

While everyone may not agree with the conclusion, it is only fair to recognize that the peace proposals were suggested not as a Japanese version of compromise, but as what a victorious Axis might ask.

That editorial quoted only in part was a strong bit of propaganda against a compromise peace.

#### American Opinion

The "peace terms" published by the *Japan Times and Advertiser* continue to arouse the keenest interest in Washington. Many observers believe they were published deliberately in an attempt to jolt American opinion.

Walter Lippman has issued a long commentary on the "terms," in which he declares that they remove the last vestige of doubt that in their intended settlement of the world the Axis Powers mean to settle with the United States at least as drastically as with Britain and China.

He says that the drastic character of the Axis "terms" will come as a shock to many Americans, but adds: "let them not be deceived, for, given an Axis victory, they are self-evident and are the minimum terms of a victorious Axis."

Analysing the terms, Mr. Lippman states that they would in effect mean that Germany and Japan would have air, land and naval supremacy throughout the world; and, by making America give up the one weapon in which she has superiority—the Navy—and dismantling her bases, would spell the complete surrender of the Monroe Doctrine.

Mr. Lippman says that there is nothing fantastic or incredible about the "terms" because, given the assumption on which they are based—that America permits Britain, China and Australia to be defeated—American naval superiority would be such that the Axis would confront the United States with a choice of fighting alone or accepting the disarmament explicit in the "terms."

He thinks the Axis issued the "terms" now in an endeavor to paralyze American opinion by "provoking an internal controversy in a nation that they believe to be confused by honest doubt, defeatist propaganda and a lack of clear leadership." But, he goes on, "there are a number of observers here who think the publication of these peace terms may do a good deal toward bringing a greater measure of American public opinion to the realization that this is not just another foreign war but one in which American interests are vitally concerned."

A leader in the *Washington Post* comments: "Our only choice is whether we shall fight now with a powerful ally and her all-important fleet on our side, or wait until Britain is defeated and we have to fight alone against the whole totalitarian world."

#### Garrulity

Extraordinary remarks regarding the Far East by Senator Pepper might be dismissed as the usual trumpeting of a politician except that the same Mr. Pepper has been a mouthpiece for the Washington Administration quite consistently. This business of "shooting off one's mouth" is quite a universal pastime these days with no special country able to claim a monopoly on verbal fire-eaters.

But when a responsible Senator identified with the administration's viewpoint "hopes" in public oratory that American warplanes are on their way to assist a country in making a shambles of another country's capital, these are strange times indeed for international relations.

Senator Pepper also advocates crushing Japan by military force and implies that the United States should provide the few bombers and pilots which he declares can make a shambles out of Tokyo.

More level-headed Senators rightly have been quick to challenge not only Mr. Pepper's tact, but the validity of his opinions. Perhaps in oratory the factors of time, distance and quality of opposition don't count, but in actual warfare they are extremely realistic considerations.

Senator Pepper, it would seem, figures that his American bombers winging over Tokyo would face no opposition. Also that American aircraft carriers could anchor right in Tokyo Bay, or perhaps the planes could base right on the outskirt of Shanghai.

In his less fiery moments he might consider that Japan has a fleet most formidable in its home waters, that the Japanese air force while not measuring up to European standards is still a pretty efficient body, that there are few planes in the air to-day with range enough to take off from Chungking-controlled air-fields with a full bomb load, drop their eggs in Tokyo and get back to their bases again. American military experts could illuminate Mr. Pepper on these points.

#### Peace Talk In Tokyo

The semi-official *Japan Times and Advertiser* on May 9 in an editorial said that Japan could not conquer China by force and advocated a policy of reducing the scale of hostilities and promoting peace. The *Japan Times and Advertiser* is widely regarded as an organ of the Japanese Foreign Office.

Discussing Japan's China policy, the newspaper abandoned hope of overcoming China by force. The scale of hostilities should be reduced, the newspaper said, in order to promote peaceful conditions and to improve trade.

Japan's policy, said the *Times and Advertiser*, is twofold, namely, restoration of peace throughout China and development of China as a partner in the Asiatic co-prosperity sphere.

Asserting that peace in China necessarily must mean termination of hostilities, the newspaper said hostilities should cease, either by elimination of the cause of friction, or provision of conditions which would assure orderly living.

The view that Japanese withdrawal would result in advance of Chungking forces was open to question, the newspaper said. Therefore, it seemed logically sound to believe that shrinkage of the fighting fronts would lead to less chance of hostilities.

#### U.S. Skeptical

Numbers of American newspapers painted a picture of Japan seeking a peace treaty with China so as to release her forces engaged there and as being upset by reports that Generalissimo Chiang Kai-shek would listen to no mediation, except by the United States, which probably would not be forthcoming.

The *New York Times* in an editorial stated that after four years of war in China, Japan has not conquered China and had expended much of her resources, sacrificed world good-will and held territory which would be economically unremunerative, while the armies she had to maintain there injured her internal economy.

The paper said that now she saw richer booty elsewhere she would like to have her forces free to go after it.

Apparently far from preparing to mediate in the Far East, the United States was reported in Washington to be

going in for further aid for China by assisting in the establishment of air bases in Burma from which to safeguard the Burma Road and permit supplies to reach the Chinese armies freely.

#### Washington Speculates

Inspired reports of a new peace drive in the Sino-Japanese war, were interpreted at Washington as another attempt to ensure that the United States Fleet stays in the Pacific, regardless of events in the Atlantic.

Some peace rumors originated in Washington, but most of them in Tokyo. All, observers believed, were calculated to draw a statement from the United States as to just what naval policy would be followed in the event of further Japanese moves southward.

President Roosevelt and Mr. Robert G. Menzies, Australian Premier, were thought to have discussed the situation during their conversations yesterday.

Menzies also conferred with State Department officials, and presumably touched on U.S.-Australian collaboration in the event of a Japanese move in the south Pacific.

Sino-Japanese peace suggestions have not been taken seriously, said informed sources, but were classified as attempts to make the United States fear that the Japanese army, once free from war in China, might attempt to seize the Netherlands East Indies.

The Japanese press suggestion that Mr. Yosuke Matsuoka, Foreign Minister, should visit Washington, likewise was classed as having been made without responsible backing.

#### Opposes Mediations

Mr. William P. Simms, special writer for the Scripps-Howard newspapers, predicted "upon considerable authority" that the United States would refuse to accept the rôle of mediator in the Orient "unless Japan in advance agrees to discuss peace on the basis of the Nine Power Pact.

"Seemingly," he said, "there is about as much chance of that as of the United States agreeing to act otherwise."

Mr. Simms said that the United States, for strategic as well as ideological reasons, would refuse a "make-shift peace." America, he said, is trying to restore the balance of power in the Far East and the south Pacific and "China is indispensable to that balance."

Chancellor Hitler, he said, wants the Sino-Japanese war terminated in order to permit Japan to cause the Allies trouble in the South Pacific "up to and including war with the United States."

M. Joseph Stalin also favors a Japanese-American war and now is appeasing Japan to the point of possibly discontinuing aid to China, Mr. Simms said.

Japan, if possible, would terminate the war with China on the basis of Nippon's 21 demands, plus recognition of Manchoukuo, which would "make Japan dominant while leaving China in appearance independent," Mr. Simms said.

Mr. Simms pointed out that the Japanese press recently has been minimizing possible gains which would result from the war with China "while talking appeasement and suggesting an understanding with the United States. All this is regarded as signifying important changes in the offing for Nippon."

#### Japanese Launch Drive

What appears to be the biggest Japanese drive in China since the battle of Hankow is now in full swing, with large Japanese forces launching simultaneous offensives in southern Shansi, northern Honan, northern Hupeh and in Kwangtung, according to the latest Chinese field dispatches reaching Chungking.

Particular attention is being attached to fighting in southern Shansi and northern Hupeh, where there are indications that the Japanese may attempt a joint drive towards Sian and Hanchung, strategic points in Shensi, which control highway communications to Szechuan from the north-east.

According to Chinese military authorities, the Japanese are using newly transferred divisions from Manchuria for their push in southern Shansi. So far the numbers of three fresh divisions have been discovered. It is also reported that the Japanese have concentrated seven divisions on the Hupeh front. Fighting in Kwangtung is taking place in the vicinity of Polo, on the East River.

Chinese circles are attaching much significance to recent statements by the Japanese Premier, Prince Konoye, and the War Minister, Lt.-General Hideki Tojo, that Japan would make every effort to settle the China incident.

With combined Japanese land and air forces striking against 200,000 troops under General Wei Li-huang in north Honan, the Japanese on May 13 were reported to be drawing tighter a ring around Chungking's Fourth Group Army consisting of 60,000 men in southern Shansi, following the capture of Tungfeng.

#### Sees Attack Possible

Japan may speed her southern push program and attack Malaya because of the possibility of United States intervention in the Pacific, Lieutenant-General L. V. Bond, General Officer Commanding in Malaya, told the United Press in an interview. The threat of an invasion of Malaya definitely exists, Gen. Bond said.

Because Japan's policy appears to parallel that of the Axis, Gen. Bond said, Italo-German successes in the Balkans might presage a new Japanese move southward.

The General also pointed out that reports from Tokyo showed renewed Japanese press attacks on French Indo-China. He discounted the importance of the Russo-Japanese neutrality pact, remarking "Russia had a non-aggression pact with Finland, you know."

"The threat of invasion of Malaya definitely exists," Gen. Bond said. "It would be foolish to think otherwise."

The possibility of United States naval intervention might prove a deterrent to

an invasion by sea, Gen. Bond said, "however, the most recent and definite indications of American intervention both in the Atlantic and the Pacific might prompt Japan to act more quickly.... Although it seems that they may have waited now until it is a bit late."

Gen. Bond expressed strong confidence in the ability of Imperial forces to defend the entire Malay peninsula.

He also disclosed that he will leave soon to accept an appointment in the United Kingdom. Gen. Bond's successor, Major-General A. E. Percival, former General Officer Commanding Malaya, from 1936 to 1938, has not yet arrived.

"Two years ago Singapore island only was garrisoned," he said, "Now we have troops throughout the peninsula.... We no longer think we are defending the island only."

Questioned regarding additional reinforcements, Gen. Bond said that it was obvious ample reinforcements are available, in fact "they seem to arrive on almost every ship nowadays."

Asked concerning American aid to Singapore and Malaya, Gen. Bond said that American planes, machine-guns, trucks and lorries were being received but no other military supplies.

"Malaya's air forces are infinitely stronger than ever before, which is most essential for defence of this country and because potential invaders must have bases available from which to launch large scale air attacks." Gen. Bond said.

#### N.E.I. Official Speaks

The Netherlands East Indies is firmly resolved to fight if necessary and is prepared to do so, declared the Netherlands Foreign Minister, Dr. E. N. van Kleffens, in a broadcast to the people of the East Indies on May 6.

"This evening I should like to talk to you simply as if we were all sitting in a circle as man to man and above all as one subject of the Queen to another, he said. "I understand you are expecting to hear something from me concerning the foreign relations of the Netherlands Kingdom."

"We must fight till the Netherlands has risen again to its full time-honored freedom and with its territory intact. This is something which at present is keeping us occupied every day and through which foreign affairs—unlike the past—are now engrossing our thoughts and actions continually. You have aided the cause of our country in every possible way. All classes of the Indies rallied round the Governor-General have shown themselves to be part of one indivisible kingdom and I can assure you that this firm attitude has made a deep impression, not the least on our Allies."

"The Indies have also realized that for the time being the bond between them and occupied Holland had to be severed. No matter how painful we must accept the consequences of the fact that the Netherlands is in the hands of the enemy. The hard lot of our loved ones in the mother country incited us to do our duty, each of us in his own particular place."

"From yet another point of view foreign relations occupy a much larger part of our thoughts than before the war. Dark clouds have risen above the Pacific Ocean and its adjacent territories. There is tension in the atmosphere now which did not exist before. This tension we also feel around the Indies. It urges preparedness. We want to live in peace with everyone but not at any price. We are in no way aggressive and never a move which others can be expected from our side. But what we shall do most certainly is to resist unreasonable demands and above all to fight if against our hopes we are to be threatened also in these parts with armed force."

"There can be no room for doubt about this and I believe that by this time the world at large is convinced of it. The manful spirit with which all the armed forces in this country are imbued and the dogged attitude of the civilian population, in which fortunately the pioneer spirit still persists, cannot remain hidden from the outside world and I shall go on doing my utmost that this should be so. Besides, our position should not be regarded apart from that of other territories with which, by the mere fact of the geographical position of the Indies, it is closely linked up."

"A few days ago the British Commander-in-Chief in East Asia, whom I recently had the pleasure of meeting anew at Manila, pointed out in a press conference that from the political and military point of view the line which runs from Singapore across the Indies into Australia must be considered as a unit—an attack from the outside on any point along this line must be regarded and treated as an attack on the whole. This seems to be a sensible view which should be taken to heart."

"Far be it from me to use challenging language. That is not a Dutch habit, but neither would it be Dutch to let any doubt remain with regard to our firm resolve to fight if necessary and about our preparedness to do this if circumstances and the concurrent determination of others warrant it, with Allied co-operation."

"That something similar to this—as appears from the utterances of Sir Robert Brooke-Popham, whom I have just cited—is also felt on the part of the British Empire gives cause for satisfaction. And that America will lend assistance to those who show that they are capable of helping themselves in a struggle against unprovoked aggression is known to all of us."

"In the meantime we trust that a wise insight in a true and ultimate balance of power in the world will lift the tension which has arisen, for the benefit of all."

#### Oil Agreement

Representatives of Japan and the Netherlands East Indies have concluded a new agreement obligating the N.E.I. to supply Japan with 925,000 tons of oil during the coming six months, an authoritative source in Batavia told the United Press in an interview.

Mr. H. J. Van Mook, Director of N.E.I. Economic Affairs, and Mr. Kenkichi

Yoshizawa, head of the Japanese delegation in Batavia, concluded the agreement, it was said. No high octane petrol was included in the agreement although a small amount of petroleum suitable to lower grade aviation petrol will be delivered, said the authoritative source.

#### Chungking Reassured

In an interview the Soviet Foreign Commissar, M. Viacheslav Molotov, assured the Chinese Ambassador, Mr. Shao Li-tze, that Russia would give continued assistance to China, says a Chungking report.

A full report of the interview between the Chinese Ambassador and the Soviet Foreign Commissar has reached the Chinese Government in Chungking, Reuter learns in authoritative quarters.

While Chinese official quarters are still withholding information regarding the interview it is learned that the Chinese Ambassador and M. Molotov discussed the recent Soviet-Japanese Neutrality Pact, and Mr. Shao Li-tze asked for elucidation of certain points, particularly in reference to the future Soviet policy towards China, and also voiced Chinese objections to the Soviet-Japanese joint declaration concerning Manchoukuo and Outer Mongolia.

It is understood that the Soviet Foreign Commissar assured Mr. Shao Li-tze that Soviet policy towards China remained unaffected by the pact, while the Soviet Government would continue to give assistance to China.

Concerning Manchoukuo it is stated that the Soviet Foreign Commissar explained that "because of the lack of a satisfactory substitute name" the word Manchoukuo was used in the text of the declaration but he stressed that quotes were used in the text of the declaration in references to Manchoukuo, thereby indicating Soviet non-recognition of the puppet regime in Manchuria.

#### China's Stabilization Fund

The exchange stabilization agreements concluded by the Chungking Government with Great Britain and the United States have more political significance than economic. Britain and the United States signed separate agreements with the Chiang regime for exchange stabilization, but the secured fund is to be controlled by one committee. This is regarded as the new joint attitude of Britain and the United States toward the Chungking Government. Yet it is not clear how this fund will be practically operated for stabilizing *fa*pi. It is proposed to maintain the quotation of *fa*pi, and at the same time invite capital at Shanghai or owned by Chinese merchants abroad to interior districts for industrial development, but these two are contradictory, and their materialization is believed difficult.

Chinese newspapers point out in their editorials that the stabilization agreement has more importance as a political agreement than as an economic measure. Their tone indicates the difficulty of applying the stabilization fund for maintaining

the value of *fapi*. They say that for making the agreements effective, it is important to develop the economic and productive strength of the Chungking regime.

The stabilization fund was announced by Britain and the United States toward the end of November when Japan recognized the Nanking Government. Later, with the establishment of the Central Reserve Bank at Nanking and the issue of new currency, the *fapi* was placed in a very difficult position. Yet Britain and the United States feared that any effort for stabilizing the national currency might be utilized by the Nanking regime, and thus the establishment of the proposed fund was delayed. As the Japan-Soviet neutrality treaty was signed and the Balkan situation became unfavorable to Britain, the latter, the United States and the Chungking Government hurriedly signed the agreements from political consideration.

#### Does Not Solve Problem

Doubts are expressed in various sections as to whether the recent American and British loans to Chungking will actually work to augment the fighting strength of Chiang Kai-shek.

The observers generally admit that the loans will probably maintain the current external value of *fapi* for the time being, but point out that the Chungking regime has no important financial source and therefore, the only way left for Chiang Kai-shek in financing his military operations is to expand the circulation of the inconvertible paper money, which inevitably brings about an acute and vicious inflation and reduces the actual value of *fapi*.

The observers thus assert that the agreement for the exchange stabilization funds to Chungking does not mean a basic solution of the commodity price question with which the Chiang regime is now confronted.

Moreover, the observers fear that the present loan may be attended by the danger of supplying additional foreign currency to the Shanghai exchange market. Regarding possible attempts by the Chungking regime to expand its foreign trade on the strength of the foreign exchange stabilization funds, the observers opine that such attempts would be without avail since the tight Japanese blockade of the coasts renders it extremely difficult for Chungking either to import foreign goods or to export China's products.

The only international trade route which is left open for the Chiang regime, the Burma Route, is very poor in its transportation capacity, according to the same observers. They point out that goods lie in congestion alongside the route. The agreement for the additional foreign exchange stabilization funds perhaps is useful by a certain degree to cheer up the hearts of the people, who have been dismayed by the conclusion of the Soviet-Japanese neutrality treaty, but would be utterly ineffective economically, in the opinion of the observers here.

#### Offers China's Coast

The official *Central Daily News* at Chungking invites the United States Navy and Air Force to use the entire Chinese coastal belt for operations against Japan and urged America to join the European war immediately.

"Democracy and liberty are on the verge of the same peril to-day as they were in 1917," it said.

"The only way to save them is immediate American action in employing the Atlantic Fleet to help the Democracies in Europe and the Pacific Fleet to destroy the Japanese Navy," the official organ said.

"We invite the American Navy and Air Force to use our entire coastal belt to establish a junction with our army and so frustrate the Japanese southward push program.

"We are confident that the day when America will take such action is drawing nearer."

Meanwhile, the Chinese applauded the statement by the British Ambassador, Sir Archibald Clark Kerr, stating that Britain's friendly policy toward China remains unchanged and that the Burma Road would continue to remain open.

The *Hsin Min Pao*, popular tabloid, said, "While Britain, despite the European war, is not changing her Far Eastern policy, which is friendly to China, China is not changing her policy of attracting the Japanese forces to the mainland so as to prevent an invasion of Burma and Malaya."

#### Urge Support of Wang

Dr. Kumataro Honda, Japanese Ambassador to the Nanking Government, who sailed recently for Japan to confer with the Tokyo government on measures to intensify co-operation between Japan and the Nanking government, declared in an interview with the *Nichi-Nichi* prior to his departure, that he was convinced that the closest co-operation between the Japanese and the Wang Ching-wei governments was the sole formula for bringing about a final Sino-Japanese settlement.

Dr. Honda declared that it would be a "foolish dream" to entertain any thoughts of a compromise with General Chiang Kai-shek. The Japanese envoy told the *Nichi-Nichi* that he had been reliably informed that General Chiang was in no disposition to accept "peace overtures" from Tokyo and felt that any such move should be made through the United States.

Dr. Honda said that he had been informed by a "third Power representative who recently visited Chungking" that General Chiang was in no mood to accept peace proposals hastily in view of the world situation, and also the manner in which the anti-Axis Powers had been aligning their aid to Chungking.

At the same time Dr. Honda warned against an over-estimation of reports of an unbridgeable rift between General Chiang and the Communists. He pointed out that the United States had a stranglehold on the Chungking regime since the resources of the Chiang-Soong financial clique were tied up in American banks.

#### Foresees More Fighting

Echoing the statement made by Dr. Kumataro Honda, Japanese Ambassador to China, to correspondent of the *Tokyo Nichi-Nichi* before his departure for Tokyo to confer with the central authorities, the *Shanghai Mainichi*, Japanese-language paper, stressed that the only way open for Japan to terminate the China conflict is to "tear to shreds the armed resistance of the Chungking regime until it has collapsed."

The paper discerned in its editorial an intensification of Japanese military operations against the armed forces of Chungking in various parts of China. This development was believed by the paper to be indicative of the determination of Japan to crush the armed resistance of Chungking.

Pointing out that even to-day the key to the disposal of the China conflict rests solely upon the destruction of the enemy's military power, the *Shanghai Mainichi* expressed the belief that Chungking's military collapse may also be termed a pre-requisite to the strengthening of the "National Government" under President Wang Ching-wei.

#### Sending More Ships

The U.S. Maritime Commission on May 10 announced that additional service will be inaugurated to China. However, no details were disclosed.

The Commission also announced inauguration of a service to Red Sea areas with ships of United States registry.

Earlier, it was learned that seven ships already have been assigned to Red Sea service and that 20 more ships were being assembled for that service.

The Maritime Commission was organizing a munitions service to the Red Sea, and it was understood that the Navy Department, considering the best means of protecting it, chose to route the ships via the Pacific and thereby avoid the battle of the Atlantic.

#### Anxiety In U.S.

American anxiety over the Soviet-Japanese Neutrality Pact, coupled with recent rumors on the change of Japanese tactics in their China program, was revealed in the editorials of the *Washington Star* and *Baltimore Sun*.

Mentioning that indications from Tokyo were suggesting a possible modification of Japanese policy in order to facilitate peace in China, the *Star* said that "the recent Japanese official and semi-official statements along this line might be mere trial balloons, but at the same time, they are so novel in tone that they might indicate a genuine attempt to change Japanese policy."

"This may mean that either Japan is making a real effort to end the China war through negotiated peace, or equally possible, she is merely shortening her lines in China in order to prepare for a southward move involving a possible clash with Britain and America."

The *Star* sees Russia's attitude as an important factor. "If Moscow's intentions were clearly known they would

probably go far to explain the motives behind Japan's suggested change of policy."

The *Baltimore Sun* says that if Japan is really disturbed by America's new mood and yet remains hopeful, in posing differences with the United States then new approaches to China peace might be taken as propitiatory steps. If, on the other hand, Japan intends either to carry out its side of the Axis bargain, if the United States is involved in war, or take advantage of American pre-occupation in Europe in order to move to the South Seas, then China peace might be merely a strategical preparation for hostilities.

Meanwhile, observers point out that fighting has revived in China on a considerable scale, from which it is difficult to see what the editorial mean by "indications of a change in Japanese policy toward peace."

#### Clipper At Singapore

New aviation history was written on May 10 when Singapore and the United States were linked by a commercial, passenger plane for the first time as the California Clipper made a perfect landing on Singapore waters and received a royal welcome.

The California Clipper thus blazed a new trail, opening a regular service between Singapore and San Francisco.

Five American Brewster Buffaloes, handled by crack Royal Air Force pilots, escorted the huge American flying boat to Singapore.

The harbor was alive with welcoming launches and the air port was thronged with a cosmopolitan crowd.

The clipper made a perfect landing as the Buffaloes nosedived in salute, their single high-toned engines whining and forming a crescendo with the deep-throated roar of the clipper's heavy engines.

The Colonial Secretary, Mr. S. W. Jones, and the American Consul-General Mr. Kenneth S. Patton, formed the official welcoming committee and both made speeches, which were broadcast to the United States together with a running commentary on the arrival of the clipper.

#### An Essential Service

Present world conditions and the importance of Malaya and the Netherlands East Indies to the United States require an air line between the United States and Singapore. President Roosevelt said when he signed the order authorizing such a service.

The extension of the air service from Manila to Singapore will add 1,500 miles to Pan-American Airways' present lines and will cut straight across the China Sea over an area at present dominated by the Japanese Navy.

It will link San Francisco and Singapore directly for the first time in history and will bring the important British naval base days nearer the U.S. mainland.

The existing service with Hongkong will be maintained with alternate weekly flights being made to Hongkong and Singapore.

A certificate of convenience was granted for five years to the company.

The flight from San Francisco to Singapore will require less than one week compared with the present 27 days taken up by a fast steamer.

#### Philippines Shipping

Rear-Admiral Emory S. Land, Chairman of the United States Maritime Commission, pledged continued efforts to relieve the crisis in Philippine shipping. He also declared that "the Maritime Commission is ever mindful of the importance of unhampered trade with the Philippines and is determined that sea lanes shall be kept open."

Admiral Land's statement appeared in the magazine *Philippines*. He said there were possible solutions to the shipping shortage—one was encouragement of a Philippine mercantile marine and the other was assignment of additional American flag ships to serve the islands.

Another article in the same magazine, written by Representative Warren G. Magnuson, Democrat of Washington, stressed the responsibility of the United States for defending the Philippines against all enemies while the islands were under the American flag.

The U.S. naval outpost is one instrument for discharge of inescapable responsibility, the article said, adding that it was the responsibility of the United States to foster the Philippine capacity for self defense in anticipation of future independence.

"Naval training for Filipino seamen and experience of operating a miniature fleet, even if it is only a coastal patrol, will go far toward strengthening national morale," wrote Representative Magnuson.

"In the end, it will provide a nucleus for a Filipino navy.... Such a small force, acquainted with channels and passages, might easily prove of incalculable assistance to American naval forces in patrol of this vast area."

Admiral Land said that in view of the British aid program and the general scarcity of ships, there probably were few ships which can be sold to insular interests at the present time and that it seems impossible to give Philippine shipping firms direct assistance for expansion.

"However, the outlook for more American flag ships to serve the islands is somewhat better. The original 500 vessel construction program took into account the needs of the nation's entire overseas trade.

"Under this plan the American lines now serving the Philippines are due to receive speedy, economical and modern ships as soon as they are available. In addition to these, other fleets in the past 18 months have increased American tonnage in the Pacific 125 per cent.

#### On Economic Warfare

By developing the resources of Manchoukuo and occupied China to the fullest extent, Japan should be able to hold her own in the event of an all-out economic war with the United States.

This is the opinion of Dr. Kennosuke Kinbara, professor of economy at Hosei University, writing in the university's organ, the *Hosei Daigaku Shimbun*.

He admits that Japan has expended a tremendous amount of material because of the China war, but at the same time states that she has gained access to valuable new material resources.

In the event of a conflict between Japan and the United States, the Professor declares, it would be extremely difficult for their armed forces to come to grips in a military sense, wherefore it is probable that strategy on both sides would be directed towards economic paralysis.

Dr. Kinbara continues: "Economic wars are fought in two ways, negative and positive. A positive economic war is one aimed at impairing the economic strength of the enemy. Negative economic warfare is characterized by the imposition and enforcement of drastic wartime economic policies.

"Needless to say, there is a close connection between the two phases of an economic war. Fundamentally, negative economic warfare is more vital than the positive variety, since it is the economic strength of a country which determines the extent to which it is able to wage economic hostilities of a positive character.

"In examining the present economic position of Japan, we find that the prosecution of the China affair has cost the nation a tremendous amount of material. The hostilities in China may be blamed to a large extent for the shortage of commodities we are suffering at the moment. However, there is no suggestion that Japan's economic strength has been drained to any serious extent.

"At the same time, we have gained access to valuable new material resources. The programme for the expansion of industrial production in progress at present in Japan, Manchoukuo and China, has yet to bear its fruit. It must be brought to perfection before there can be an appreciable increase in Japan's economic strength.

"The rôle cut out for this country in the development of resources in East Asia will have to be taken into consideration in any estimates concerning the future economic strength of Japan.

"The Government has jettisoned its former policy of economic reliance on Britain and the United States in favor of co-operation with Manchoukuo and China for the development of natural resources in East Asia. As the new economic policy of the Government progresses, there will be a decrease in the effect of the American policy of economic pressure against Japan, which has been adopted in the belief that it is the best way to force this country to abandon its plan for the construction of a new order in East Asia.

"When the new policy has been made to bear fruit, in the near future, Japan will find itself possessed of sufficient economic power to resist successfully any economic struggle in which it may become engaged with the United States."



# Sea Leaves from Lo Pat's Garden

by Shamus of Rabbit

Some sweet imaginations  
Tell sour tales.

\*\*\*\*\*

To please the many  
Is to slight the few.

\*\*\*\*\*

The moralist is like the cobbler  
Who makes shoes to fit others  
And allows his daughter to go  
barefoot—  
Unfortunately we need  
c cobblers.

\*\*\*\*\*



The greatest truth spoken  
By one unknown  
May remain unnoticed  
While the words of a sage  
Are treasured like gems.

\*\*\*\*\*

Philosophy is like  
The voice of a singer—  
To understand the words  
We must be familiar  
With the tone.

\*\*\*\*\*

Unrest caused by radicalism  
Is due as much to the resistance  
Of the conservatives to change  
As to the actions  
Of the radicals.

\*\*\*\*\*

When we brag that we are never lonesome  
We are bidding for unpopularity.

\*\*\*\*\*

Bashfulness is a pretty conceit.



To accept a compliment with grace  
Is a mark of merit.

\*\*\*\*\*

He who is truly democratic  
Is the greatest aristocrat.

\*\*\*\*\*

While we wait for opportunity  
To knock at our door  
A thousand opportunities  
Go crying by.

\*\*\*\*\*



When we worship  
The God of Success  
We are likely  
To spend most of  
our time  
Reading about  
the success of  
others.

\*\*\*\*\*

When we seek oppor-  
tunity for service  
W are wooing greatness.

\*\*\*\*\*

The substitution of "servic" for "success"  
In the dictionary of life  
Is regenerating.

\*\*\*\*\*

The primitive in woman  
Admires brute force in man.

\*\*\*\*\*

Woman's excuse  
For man's brutality  
Is that he is man.

\*\*\*\*\*



The woman who encourages a man  
For the joy of sympathizing  
With a rejected suitor  
Goes beyond man's refined  
Brutality.

# The Future of A "Democracy"

By WILLIAM HOSOKAWA

THE citizens of no nation in the world to-day are as well-informed as Americans. A free and enterprising press has brought news from the whole world to a people who demand facts, a people who showed the way to business success with extreme realism based on facing facts and figures with complete candor. The search for accurate information has taken American reporters to every corner of the globe where news was to be had, regardless of cost, danger or other difficulties.

Yet with all this information available, there is reason to believe that the best possible use of it is not being made, especially in the conduct of international affairs. At least there is a reasonable doubt which has been aired to considerable extent by the critics of the present Administration.

With regard to American policy in Europe, Administration opponents declared that the American people have been kept uninformed and misled into a position from which there is no backing. The program that was piously designed to give all aid to the democracies short of war has been scrapped for one which seems to operate on the assumption that involvement in war is an undesirable but inevitable consequence.

Regardless of which viewpoint is taken from among the many possible, it is incontrovertible that both Republicans and Democratic nominees for the presidency last fall campaigned on a platform of non-involvement in war. If non-belligerency has become tenable no longer—and both Wendell Willkie and President Roosevelt have asserted as much without saying so in just that many words—the developments since the first Tuesday after the second Monday of November, 1940, which have brought about the necessity for such a radical change have not been pieced together in a sequence completely convincing to the public. It is altogether likely the significance of many recent events has not been grasped, nor is it likely to be grasped for some time to come.

Be that as it may, there is common complaint by many sections of the American public on one hand that they are not getting all the facts about the situation in Europe and the course of American policy, while on the other some administration spokesmen have asserted that Americans do not realize the seriousness of the present position.

On a lesser scale the same holds true of the American position regarding the Far East where there seems to be as much misinformation, judgments based on emotionalism instead of traditional hard-headed facts, and complete gullibility to propaganda as has ever existed in the U.S. public. Strangely enough, the Chinese and the Japanese, the main characters in the Far Eastern picture, are facing the facts more resolutely than is their usual habit.

## Where the Chinese Win?

The exact cause for such a state of affairs is hard to isolate, but there are a number of contributing factors. Among them may be the complete success of Chinese propaganda in comparison to the almost complete failure of the Japanese efforts. This statement is offered on the entirely valid premises that Japan has a case to be made. Other factors include the actions of Japanese extremists and conflict of American-Japanese interests, fundamental misconceptions about the Far East which have never been corrected and which from time to time have been added to, and perhaps something that might be termed wishful self-delusionment.

Here again it might be charged that official American policy is to blame, for while the government at long last seems to have made certain changes from realistic considerations, it has left the reasons for, and the significance of these moves to public imagination. In these times it behooves the authorities to keep the public well informed.

To get back to self-delusionment, a number of facts concerning the Far Eastern situation have been published in leading American newspapers and periodicals. These facts, it would seem, have been read but completely forgotten or deliberately disregarded in forming opinion, perhaps from long habit in refusing to associate anything uncomplimentary with China.

To cite an example, Governor Herbert Lehman of New York was one among 14 state governors who officially proclaimed "China Week" dedicated to raise \$5,000,000 for relief and economic rehabilitation of China. The objective of such a widespread drive is indeed laudatory and should raise no opposition, even among thinking Japanese. But the arguments set forth by Governor Lehman to support the drive are open to question.

Governor Lehman, according to press reports, urged "Americans in all walks of life, of all races, creeds and political opinions, to extend to Asia's last democracy the fullest possible aid and encouragement." Terming China the "frontier of democracy" in the Pacific, Mr. Lehman declared that "destruction of the liberties and independence of almost 400,000,000 peoples in China and welding of that mass of people into slaves for the Japanese, Italian and German economic and military machine will hold terrible consequences for America, both economically and politically." He added that it was important that "the hope and faith of these millions of people in democratic standards be strengthened so that China may remain the cornerstone for building up one civilized order of justice and democracy."

These are indeed noble sentiments and the picture of 400,000,000 slaves chained to production for totalitarian militarism is indeed awful to contemplate. But from general disregard of fact, one must be pardoned for suspecting that Mr. Lehman was carried away by oratorical fervor as politicians are sometimes known to be. Mr. Lehman is quoted as an example, not from any intent to single him out, but because his speech was most recent and typical of a number given by such supposedly well-informed personalities as Wendell Willkie, Paul V. McNutt and others.

## A Well-Worn Theme

Practically all arguments on American aid to China are based on the theme that China is a democracy, has been a democracy, is in danger of being lost to democracy, and therefore must be saved. Sometimes it is added as an after thought that the Chinese should be encouraged to strive for democracy, a statement which can be based only on the assumption that democracy is non-existent at present.

Aside from the fact that China is not a democracy and had not been a democracy and is not likely to be a democracy for some time to come in spite of encouragement and favorable conditions, the above might be considered correct. It must be pointed out, however, that the Chinese people are great individualists, not unlike Americans in some characteristics, and would make good democrats in time with proper education to assume the responsibilities of democracy.

Incidentally, the American Lend-Lease Bill whereby American material support is made available to third powers is also popularly known as the aid to democracies act." The Secretary of State, Mr. Cordell Hull, is more discerning about his terminology. He has asserted that material assistance will be extended under the provisions of that act to all nations engaged in resisting totalitarian aggression. This extends the list of those eligible to receive that help inasmuch as democracies, strictly speaking, are not the only ones opposed to the Axis.

In a study of the situation a great deal depends, of course, on the definition one applies to the word democracy. Most Americans make the mistake of basing their judgment of the Far East on American standards. Fundamentally a democracy, to use a classic definition, is a government by the people, for the people, and of the people. None of these conditions are met in China or elsewhere in the Orient to-day or in the past despite Governor Lehman's assertions that China is Asia's "last democracy."

The closest thing to democracy of American and British lines in the Orient is the system of government set up in Japan. Like Britain, Japan is a constitutional monarchy with a bicameral legislature based on a party system. Like Britain, Japan has restricted the functions of the legislature under the stress of war and invested greater authority in the Cabinet. In normal times

the Japanese Diet, elected by manhood suffrage could, like the British Parliament, dissolve the Cabinet by a vote of no confidence. One fundamental difference is that the Japanese War and Navy Ministers are responsible directly to the Throne rather than to the Diet. As in all countries at war there has been a wave of rightist nationalism in Japan and unfortunately many constitutional rights have been suspended until now Japan is in many respects totalitarians.

### They Do Vote in Japan

But if Japan is totalitarian now, it was democratically inclined in the past. The same cannot be said for China. In 1911 the Manchu Dynasty was overthrown and the good Dr. Sun Yat-sen returned to become provisional president of what was called the first Chinese republic. But a nation of 400,000,000 souls, speaking many different languages, with a staggering amount of illiteracy and never really united under a single authority faced difficulties far greater than those the American colonies, bound by unity of purpose, overcame after the Revolutionary War.

Sun Yat-sen was a wise old man who knew his country's weaknesses as well as its strength. He knew China could not become a democracy overnight, or be transmogrified simply because he called it a democracy. It was 1921 before he announced his Three Principles which are in theory the determining motives of Chinese political action: nationalism, democracy, people's livelihood.

John Gunther in his book "Inside Asia" sums up the meaning of the three principles as follows: "By this the eminent doctor meant that China must, by abrogating the foreign concessions and extraterritoriality, achieve proper national unity and integration; that the country must be prepared for self-government and through the establishment of democratic principles, with free elections to a national legislature; and that livelihood must be assured the starving millions by social reform, economic advance, and the redistribution of wealth. The gigantic nature of Dr. Sun's task may be gathered by the fact that, until he invented it, no word for democracy existed in the Chinese language.

Dr. Sun said that the revolution should be accomplished in three stages, first of military consolidation, then of political tutelage, finally of constitutional development. The constitutional period was to have begun with elections for the first Chinese legislature in November, 1937—but war with Japan came instead.

Whether China was ready for the third stage in 1937 is a question open for argument. It cannot be denied that the war with Japan has united China as nothing else has ever done, and the China of 1937 was nowhere near national unity. The war gave China the beginnings of a national consciousness where there was only provincialism in 1937. In the quarter of a century since the 1911 revolution China had been torn by civil strife and showed no appreciable progress in even the first stage of Dr. Sun's plans for development.

To-day China is still without either constitution or legislature although there has been plenty of talk about their adoption. No election has ever taken place, in fact there has never been a comprehensive nation-wide census. The Kuomintang, the single political party outside of the Communists, rules China. Its head is Generalissimo Chiang Kai-shek. Out of a population of 400,000,000 there are some 20,000 active party members. Politics within the party are on a personal basis. General Chiang has around him the Blue Shirt clique of Gestapo-like musclemen, organized in 1932 as a terrorist, semi-Fascist organization. When *Asia* magazine published an article on the Blue Shirts, it was suppressed in China.

### The Traditional Chinese Way

These are the cold, undisputed facts of Governor Lehman's democracy. Despite the sincere, determined efforts of a few progressive officials, there has been little advancement. War brought more squeeze, official connivance with hoarders and profiteers, bureaucratic inefficiency and ineptitude. The people have been victimized once again.

War also brought promise of American support and then financial and material assistance as the government in Washington acted in the name of democracy. Actually democracy was only secondary to the truth that so long as Japan was kept occupied and immobilized in China, the Tokyo military would be too busy to go adventuring elsewhere. In turn the United States had a right to expect China to strive toward democratic principles and abolish

the abuses that made Chinese government synonymous with corruption.

Meanwhile, however, the long-suffering Chinese masses struggling with a fortitude born of centuries of woes, received only a meagre portion of the benefits that the American people were providing in their name. The masses are an uncomplaining, much-abused lot, industrious, productive, carefree, rational, and philosophical to an extreme. They are potential democrats and they need only education and opportunity to progress along these lines.

Through the years they have been victimized by their rulers, and perhaps their good-natured, fatalistic outlook on life is a defense mechanism that they have built up to protect themselves against abuse. If ever a people needed a break, it is the Chinese. America's sympathy and friendship is not wasted on the Chinese people, but it is being misappropriated to a considerable extent before it gets to them.

Behind the story of recent purges in Chungking administrative circles, explained away as punishment for "improper conduct of the affairs entrusted to them," there is an appalling record of squeeze and proven association with food hoarders and profiteers to whom is directly attributable much of the terrible suffering among Chinese peasants and coolies in the past year. Rich men speculated while coolies died of hunger at the doors of bulging warehouses. Graft and bad administration results in only ten per cent of the actual capacity of the Burma Road being delivered to Kunming. Only a portion of the taxes collected in the Provinces ever reaches Chungking.

These and other disclosures have been hushed up as much as possible, not only to prevent endangering the national morale, but to avoid a bad impression being created in the United States and other countries.

On this theme the influential *Baltimore Sun* published on February 16 an article written by one of its crack foreign correspondence which reads in part:

"There is no longer any use in mincing matters. Not for nothing is the saying common on the China coast, especially among the British, that "China will fight to the last American dollar." Not without reason do missionaries come out of the interior, and, literally in tears, bewail their inability to obtain anything like the full amount of the supplies—or of the money—they know have been sent to them from America.

"It is felt, and such a course has been urged for a long time by people closely acquainted with the position, that a closer supervision should be exercised, both over the aid given China officially and that privately contributed for general relief purposes. Much would have been saved, both in money and in suffering by the common people, if this had been done from the first.

"Some recent revelations not possible to divulge have apparently brought Washington at long last to that way of thinking, and Mr. Currie's mission is the first move to do something about it. The next may not improbably be so firm a stand by America in the matter of finance and economy as to constitute a radical change in her attitude toward the Chinese Government."

### A Realist on the Job

Tied up with this is the recent removal of U.S. Ambassador Nelson T. Johnson to make way for Mr. Clarence E. Gauss. Mr. Johnson who has been on the China scene for a third of a century, came upon certain national customs that he had no business trying to change or influence. The time has now come for the United States to take a firmer stand and apparently it was easier for a new man to make the change of attitude known. Mr. Gauss, realist and a tight-lipped individual, is certainly the man to introduce a little American efficiency to Chinese bureaucracy.

Thus the United States, having more or less underwritten ultimate Chinese victory is taking a realistic view by way of a greater hand in Chinese affairs. What constitutes victory is for the moment besides the point, even if it may extend to the extreme Chinese demand that every last Japanese soldier leave China and Manchoukuo.

China too is taking a realistic view. While Anglo-American assistance is assured, the effectiveness of that aid is still questionable. At least there are certain difficulties that appear insurmountable now. Thus she keeps her ties with the Soviet Union unimpaired, though collaboration here means giving up Outer Mongolia and Sinkiang Province to Moscow.

Soon after the United States made her new attitude unmistakably clear, the influential newspaper *To Kung Pao* in Chungking came out with the first article ever published there asserting that Germany would be victorious over Great Britain. This one incident in itself is conclusive of nothing, but it is suspiciously reminiscent of devices China has used in the past to insure a way out, just in case. This view is made more plausible by increasing Soviet-Nazi collaboration.

Japan herself is no slower to be realistic about her problem in China. It has been stated openly in Tokyo that Chungking cannot be overcome by force. Even official military spokesmen have admitted that the outlook for military triumph is bleak. Considerable has been heard lately of the "Honda formula" for settlement of the hostilities, an objective that is trying the brains of Japanese leaders.

Like many another Japanese phrase, the "Honda formula" is a complete abstraction which needs imagination to explain. It is reported from Tokyo that the government has approved of the plan formulated by Ambassador Honda which makes it conclusive that Chungking will not be approached with peace bids.

Since Mr. Honda is strongly for complete support of Nanking, the future program is fairly obvious. It is likely that Japanese military influence will be removed to a great extent from Nanking domains, especially in the economic field, to give Wang Ching-wei more face. Greater freedom will help to restore normalcy. Every effort will be made to better living conditions in Nanking territory so that Wang will be able to offer definite proof that co-operation with the Japanese really means peace and co-prosperity. Just as millions of Chinese have migrated to Manchoukuo where stability and better living conditions have drawn coolies like a lodestone, the same sort of program in China is expected to win the support of the masses to whom freedom from oppression and a full rice bowl are

more important than political ideology. The dubious democracy that Chungking offers would be no attraction beside security and freedom to go on living as they have for generations.

### Change Foreshadowed

Whatever the shortcomings within General Chiang Kai-shek's government however, the United States is committed with popular support to give continued aid, to the bitter end if necessary. This is an apparently irrevocable decision made regardless of the consequences, and this both Japan and China realize. No amount of argument is going to change the situation. But it is certain that unless Americans view the Far East from a more realistic and objective angle, there is going to be much recrimination and heart-burning when the whole story is realized.

Behind this grandiose talk of democracy and its defence in China, there is sincere compassion for the lot of the Chinese masses and an admirable desire to see them through. There is also a great amount of ignorance of the true conditions here, facts which have been made obvious enough but which have had the misfortune to be disregarded, misinterpreted or overlooked.

The Chinese people deserve and need all foreign assistance that can be given them, but it does no good to encourage and perpetuate under the guise of democracy a bureaucratic oligarchy which has traditionally accepted squeeze as one of its natural functions. The need is for realistic thinking and mature decisions if China is to grow into an adult member of the family of nations instead of remaining a perpetual weak sister to be exploited by whatever ambitious nation or internal clique that happens to come along. The American public which wields such a power in world affairs could help shape China's future better by realistic thinking now than by sentimental and emotional misconceptions however well meant.

## It Works Both Ways

*Refreshingly different because the current it carries is wholly constructive, and thought-arresting in the possibilities it presents, is this editorial which appeared in the issue of May 2 of "The Japan News Week," an American publication at Tokyo. Incidentally this editorial published in the Japanese Capital in large measure answers the commonly heard criticism that the Japanese press is rapidly controlled and that freedom of expression is denied to writers in Japan.*

**A** STUPID drift toward disaster is revealed by the war "talk" that has been issuing in a steady stream from presses and platforms on both sides of the Pacific. Japan and the United States have each been shown solely responsible and completely innocent of blame for the present state of affairs. The Great War in the Pacific has been fought out (on paper) by means of general engagements to a quick decision and by means of prolonged blockade to economic exhaustion. Both sides have won and both have lost. Millions of readers and listeners now know exactly as little about the result of such a conflict as they did formerly.

*The Japan News Week* has opposed war talk regardless of the country of origin because its only effect is to arouse emotions without which war would be virtually impossible. We have argued that in addition to being dangerous, war talk is an effort in the wrong direction and should be replaced by constructive suggestions for keeping peace. At this time we renew our opposition and repeat our recommendation.

Since its purpose is to arouse emotional storms rather than to convince by reasoned argument, war talk becomes ridiculous when analyzed subjectively. Virtually every "argument" it advances can be disproved or countered with an effective reverse-argument. In short, it usually works both ways.

A *Chugai Shogyo* (Tokyo Japanese daily) editorial of May 2, for example, advances the stock war-talk thesis that (fundamental causes of all present difficulties are one), the United States' friendship for China and the dispatch of commodities to the Chungking government, and (2), the United States' self-assumption of the duty to defend all democracies, with the inference that America's

unfriendly feeling is due to Japan's close association with the Nazis. Let the United States merely change its attitude and all issues can be settled amicably, the newspaper observes, and in conclusion it states that all of the current war talk originates with the Americans.

Exportation of war-usable materials from the United States to China has been the subject of particularly heart-burning accusations and scurrilous cartoons for a year or more, but apparently none of the Japanese commentators has attempted to present facts and figures. When this is done the argument develops a disconcerting tendency to work in two ways.

An announcement by the U.S. Department of Commerce reveals that the exports of war-usable materials "to China from the United States" during 1940 included eight items with a total value of U.S. \$77,000,000. During the same period the exports of war-usable commodities "to Japan from the United States" included 18 items having a total value of U.S. \$223,000,000. In other words Japan received more than three times as much of these war-usable exports as did China. Actually, however, the proportion received by Japan was much larger—probably five or six times greater than China's share—because the Department of Commerce figures on the exports to "China" include the shipments sent to Shanghai a large portion of which presumably fell into the hands of the Japanese or the Chinese Government at Nanking. It is doubtful if more than one-sixth of the \$77,000,000 worth of commodities reached the territory held by the Chungking Government.

In the light of these facts we ask the "war-talkers" what they would have the United States do. They cannot demand an embargo on American exports to Chungking and simultaneously free trade with Japan. Yet if America should follow the rigidly equitable policy of stopping all shipments of war-usable goods to both countries, Japan would lose from four to six times more heavily than China on a basis of last year's figures. This subject admittedly has many ramifications, but sufficient has been said to demonstrate that as a reason for war talk against the United States its logical background is questionable. Nevertheless millions of Japanese

must have acquired a feeling of resentment against the United States from reading newspaper comment on "American aid for Chiang Kai-shek."

Parenthetically attention may be called to an editorial on this subject which appeared in the *Kokumin Shimbun* (Tokyo Japanese daily) May 3, one day after the *Chugai Shogyo*'s comment. The *Kokumin* declares that Japan need not worry about the matter because the war materials cannot reach Chungking: "What can she (the U.S.A.) do when practically all the supply routes to the Chungking régime are blockaded by Japanese forces? The China War Materials Supply Corporation is tantamount to a chicken yard without chickens, and it will serve no better purpose than propaganda." So much for the logic of war talk regarding the supply of materials to Chungking.

The *Chugai Shogyo*'s second assertion, that the whole trouble is due to American championship of the democratic cause, is part of the wider assumption in this country that resentment in the United States springs from Japan's association with the Axis. The "argument" is that Japan has full freedom to make whatever international friendships she chooses; that America, by objecting, is "meddling in Japanese affairs"; and that the treaty with the Axis countries is designed in part to prevent America's participation in the European War (This last is viewed as an altruistic peace effort without bearing on any presumed American right to make what friends or enemies it chooses).

In the fog of comment on the Anti-Comintern and Tripartite Treaties most Japanese have forgotten, or perhaps they have never known, the real reason for America's attitude. It has nothing to do directly with either of the treaties but springs from a conflict of Japanese and American interests in Manchuria and China. Among its foundation stones are basic interests in the two regions, which America contends were guaranteed by treaties but which have been lost through Sino-Japanese warfare on the continent. In its superstructure are direct losses from the destruction of property during the "incidents," for which reparation is still pending; mistreatment of nationals; and numerous protests which to date have been ignored. These origins are older than the Japan-Axis agreements by more than five years and even pre-date Hitler's rise to power, for they began developing soon after the fighting at Mukden in September, 1931. It is true that America's attitude has been aggravated by the Japanese swing toward the Nazifascist camp, and likewise that the Tripartite Pact in particular sharpened American resentment. But Japan's relations with Berlin and Rome are not the fundamental cause of trans-Pacific difficulties, and even if the Tripartite Treaty and the Anti-Comintern Pact were repudiated,

the difficulties with America would continue to exist. Until the Japanese recognize this fact it is doubtful whether progress can be made toward a Japanese-American settlement.

The contention that everything can be solved if America will change its attitude is quite true but quite futile, for it is only another way of asserting that the United States is 100 per cent wrong. The European War could be settled in short order if Germany would change its attitude; and a change of attitude by Japan would provide an immediate solution of the China incident. As long as both sides cling to the position that they are entirely right, there can be little prospect of averting trouble between Japan and America. As has been pointed out in these columns many times, both parties to the dispute must re-examine their policies with an eye to making and accepting every possible concession, for all attempts to settle on the "I'm-right-you're-wrong" basis will certainly prove as barren of accomplishment as is war talk itself.

The *Chugai Shogyo*'s startling conclusion that all this war talk originates with the Americans, defies effective comment. It can only be dismissed with the inelegant American expression "Baloney!"

Since war talk contains so little of reasoned argument and is so easily exposed, it may be asked why it has any importance. The answer is that it creates national feelings which are necessary before war can be waged. Research in a science loosely termed semantics has indicated that words perform the two functions of conveying information and arousing emotions. The effect of war talk is 99 per cent the latter. It is wellnigh impossible for a reader who is interested in the subject to escape this emotional effect entirely, because war talk is invariably written in emotion-arousing words. For example, a news dispatch might report an event thus: "Hernian army forces yesterday occupied Paracletia;" or thus: "The iron heel of the Hernian military machine yesterday stamped out the last vestige of Paracletia's freedom." The same information is given, yet if you are a Paracletian or a friend of Paracletia, you can read the first dispatch with a minimum of feeling whereas the second one will make your hackles rise with hatred of the Hernians. Millions of individuals in the United States and Japan undoubtedly harbor feelings of dislike, mistrust or outright hatred because they have read some of the recent war talk.

War talk, in fact, doesn't pay dividends of any kind, and even if it is deliberately disseminated to prepare a people for war, it inevitably stirs up similar talk in the nation against whom it is directed. In other words it works both ways. *Japan News-Week*'s advice to the belligerent, publicists of both America and Japan is to tell their reading publics how conflict can be avoided, or else to pipe down.

## How Big A War Do We Want?

By C. J. LAVAL

Like a diver in mid-air plunging toward the water beneath. This is the apt phrasing in which a prominent American publicist recently described the position of the United States in relation to the war in Europe. It is beyond the power of the diver to change his course; he cannot return to the springboard. In the line of policy that the United States has followed in connection with the European war the Washington Government has taken the plunge. Like the diver Washington cannot turn back. In effecting the purpose to give all aid to Great Britain in its conflict with Nazi Germany, the American Government at length has become involved in the conflict beyond any possibility of halting or changing its course of action.

It is to be anticipated in the near future that American warcraft will be sailing in convoys for the Atlantic crossing. "All vessels that come before our torpedo tubes in the war zone will be sent to the bottom," is the grim warning that Hitler has voiced. From the original intention to take all measures "short of war" the Washington Government step by step has progressed to the purpose of giving all aid "including man power," as revealed in a recent utterance of Mr. Frank Knox, Secretary of the Navy, whose words assuredly had the high sanction of the President.

It has been disclosed in recent news reports that American shipyards latterly have been busy converting great passenger liners into troop transports. What the news reports have failed to disclose is when American troops will be embarked and where will be their destination aboard these newly converted vessels. A possibility that the recent rapprochement of the Vichy Government with Nazi Germany has converted into a probability is that the Washington Government may take definite action in dealing with French possessions in the Atlantic and in South America. Out of a former impossibility the likelihood has arisen that presently American troops will be crossing the Atlantic, not for any onslaught against European shores which admittedly at this time would be futile, but for occupation of the west African port of Dakar in territory still under nominal control of the Vichy Government. The Vichy Government has declared it will defend this port.

### A Matter of Choice

This simple summary indicates all too clearly what the future course of the United States will be in the Atlantic. A different situation exists in the Pacific. Here the diver may be poised ready

for the plunge, but he has not left the springboard; he still retains the power to decide his future course of action.

If it is admitted, as seems to be the case, that the United States definitely is now committed to involvement in the war in Europe certainly it would appear to be bad policy and worse tactics for the Washington Government to plunge into a second conflict at the same time on the other side of the world in the Pacific.

If Great Britain can be saved, meaning preservation of the integrity of the United Kingdom, then the primary essential task of the United States must lie in the Atlantic. When this purpose is carried out successfully any problem in the Pacific will be simplified and the situation in the Pacific can be saved, in all probability without warfare.

Buried in the consciousness of every true American is the belief that the American Nation possesses the resources and the power, not merely to defend itself against all comers, but to dominate the rest of the world. This belief perhaps is justified and is soundly based. Not even the most ardent American patriot, however, will contend that the United States unprepared could hope successfully to confront and conquer powerful adversaries in the world of to-day. For world empire the Nation's resources first must be assembled and concentrated and its man-power mobilized. In recent times those in high places in America have had to admit ruefully that the United States to-day is not prepared for major emergencies. The experts estimate that the great American naval program cannot begin to be achieved before 1946. Real armed might in the United States must await building the factories to produce the arms and munitions with which to equip armies still to be recruited, trained and drilled.

In these times of tension when patriotic fervor runs unthinking at a white heat there is a certain hazard in raising questions about popular trends in international affairs. Honest doubters run the risk of being charged with defeatism, or worse. History largely is a recital of the blunders of great leaders, however, and those are foolhardy who in times of stress refuse to look at actualities and who disregard teachings of past events. It is to be remembered that in the first World War Germany with all the world arrayed against her, bankrupt, and with supplies effectively cut off from her by blockade, still was able to fight through four years of carnage, keeping her own territory intact and uninvaded and bringing her adversaries to a point of exhaustion almost as great as her own.

### The Odds Now Changed

In the present war Germany is not confronted by a hostile Russia, and for what it may be worth she has Italy as an ally instead of enemy and effectively controls Italian territory and resources. German victories have given Hitler dominance over the entire European seaboard from Norway to Spain and, astride all Europe as conqueror, Hitler to-day controls all the diverse resources of the continent. Successful achievement of Washington's aims to save Great Britain must involve shattering of this Nazi control of Europe.

Naval and military experts are agreed that a successful invasion of the United States from across the Atlantic is unthinkable, and is a sheer impossibility. How much more difficult than an invasion of the United States must be any attack on the European coast against a Germany fully armed and equipped in the modern sense with armies of seasoned campaigners heartened by a tradition of invincibility!

This is the task to which Washington appears to be setting its hand. The word impossible is not in the American lexicon. The fortitude and tenacity of the British fighting forces are factors that will remain constant. Given time, therefore, this task of the Washington Government, however formidable, will be found to be within the capacity of the American Nation. In view of the gravity of all that lies ahead for the American people it would seem to be more than unwise, possibly disastrous, to enlarge national commitments at a time when the Nation is not yet prepared to exert all its powers. To talk of war with Japan in the Pacific is to talk of multiplying complexities of an already unprecedentedly difficult situation; needlessly to invite a war in the Pacific at this time, from which the United States can win exactly nothing, may mean placing in jeopardy the fate of the British Empire, if not our own.

In this time of stress when the United States is committed to a definite course in the Atlantic, there can be no guarantee that a war in the Pacific may not be thrust upon the United States. It still is

questionable to what extent Japan is bound by the recently concluded tri-power treaty with the European Axis governments. From the bare wording of the treaty as published, if the United States attacks Germany, a contingency that looms ever more forbiddingly, Japan will have to enter the conflict. Disclosures concerning this treaty, however, in utterances of Japanese leaders, seem to indicate that in signing the document Japan did not surrender her own initiative or the power ultimately to decide for herself for or against war with the United States, whatever may happen in the Atlantic.

### A Bad Time to Get Tough

War between the United States and Germany appears to-day to be clearly foreshadowed. When the grim reality is brought about Japan in any case will have the option of entering the struggle. Why should Americans compel Japan to decide for war? Such gaucheries as those being voiced by Senator Claude Pepper, who with a large Floridian gesture would "polish off Japan" over the week-end, may be passed over unheeded. Other American manifestations freighted with actual importance are to be found in a bleak unwillingness to deal with the Far Eastern situation in any way save in rigid conformity with purely American formulas under strict American interpretations. Some slight measure of sweet reasonableness might better serve the times and occasions. Let it be set down here that all this involves no departure from American principles, no idea of appeasement; diplomatic action instead of truculence is counselled herein not because Americans fear a conflict with Japan, nor because of any doubt in American minds about the outcome of such a conflict. It is that a guarded but amiable procedure is more in line with American character or, in other words, is just plain horse sense at a time like the present.

Japan's major great problem continues to be the war in China and the termination of this conflict is the aim and purpose of every Japanese statesman. Recent weeks have seen renewed heavy fighting on many fronts, but a definite conclusion appears to be as far off as ever. Japan consistently wins all the battles, but definite victory continues to elude her, and the conflict now appears to have degenerated into a war of attrition between the Nipponese fighting forces and the United States Treasury. Under these circumstances what possible reason can be adduced why the Chungking Government of Chiang Kai-shek should talk of peace? If the Japanese invasion should collapse utterly this would measure into a major financial calamity for the Chungking tchuanate.

The alarms and the furore over the possibility of a Japanese armed attack against Singapore, against the Netherlands East Indies, and against the Philippines, appear gradually to be subsiding. An incredulous and still suspicious world has begun to apprehend that the Tokyo Government may have meant simply what it said in declaring for maintenance of the *status quo* in the East Indies, and later when it instructed Ambassador Shigemitsu at London to assure the British Government that Japan has no intention of attacking British possessions, anywhere. It seems at this time also that Tokyo was only seeking to define aims and purposes when Japanese leaders some time ago asserted that Japanese concerns in the South and in lands of the South Seas were only of an economic nature. These things appear to be borne out in recent trading agreements concluded with authorities of the Netherlands East Indies and in developments in relation to Thailand and Indo-China. Perhaps for Japan the most significant and important event of recent times was the signing on May 6 of two treaties that define economic relations between Japan and Indo-China. This measures into a signal diplomatic triumph for the Tokyo Government. Resources that Japan may now acquire from Indo-China under the new agreements will go far to replace American products excluded under export embargoes imposed on Japan by the Washington Government. To this extent the much maligned Japanese treaty with the European Axis powers seems to be paying dividends.

### Philippine Air Force

Brigadier-General Henry Claggett, first officer of the Brigadier-General rank to take over the Philippines Air Force, indicated to the press that the United States Air Force in the Philippines will be increased to 84 squadrons from the present fifty-two.

It is believed that the Philippines air strength will be raised by 50 per cent.

# Singapore, An American Problem

By ERNEST O. HAUSER

(*The Atlantic Monthly*)

HERE the Pacific meets the Indian Ocean the world's most powerful naval base guards the white man's stake in the Far East. Will American ships be called upon to defend it? Imperial Singapore bristles with fortifications; it has the guns, the docks, the planes, the men needed to keep an enemy at a respectful distance. But it has no ships. Britain can spare no battleships for use east of Suez, and the cruisers, destroyers and submarines of her Asiatic fleet, base at Hongkong, are nothing much to crow about. The United States, on the other hand, maintains a formidable battle fleet in Pacific waters but lacks adequate Far Eastern bases to operate from. This is why a British-American agreement, covering the use of the Singapore base by American ships, sounds like a reasonable give-and-take proposition. It makes sense.

The Singapore fortress was built, with a capital outlay of roughly \$80,000,000, to serve as a concentration point for a gigantic fighting fleet. A look at the map shows that the place was well chosen. The tropical island of Singapore dominates the nine-mile-wide entrance into the Indian Ocean where Britain's vast and practically defenseless Indian Empire beckons—Asia's most tempting prize. It lies, moreover, in the hub of a huge circle which embraces the Netherlands Indies, French Indo-China, British Hongkong, and the rich Malay States. Australia, New Zealand, and the Philippines lie within the range of Singapore, and even the eastern coast of Africa and the western coast of Canada could benefit from its strength. Three quarters of the land territory of the British Empire is grouped around Singapore.

There was only one potential enemy in the minds of the honorable M.P.'s who passed the Singapore bill in 1923: Japan. And the effort of making the fortress impregnable gathered momentum with the growing strength and aggressiveness of the Japanese Empire. True, the islands of Japan are some three thousand miles removed from the base. But Japan's navy is rampant in the China Seas, and Japan's armed forces have crept alarmingly nearer in the last three years. Hainan, the strategic island off the coast of South China, is in Japanese hands. Indo-China, at this writing, is rolling into Japan's broad lap; and the southern tip of that French colony, with the fortified port of Saigon, hangs over Singapore's head at a distance of only five hundred miles. Japan, seen from the palm-studded beaches of Singapore, is not a mirage, but a reality.

It was to defend the white man's colonies from the hungry Japanese that the Singapore fortress was voted into existence; it is for this purpose that it may be used in the near future. Japan's armies are mired in China; they have won all the battles, but victory is not in sight. Even if victory were complete, however, China could yield no riches. Thus, while Japan's army is striving for a face-saving compromise in the dusty plains of China, Japan's navy is getting up steam. It is waiting for the signal to lift the anchor chains and to steam down into warm equatorial waters, where islands rich in oil, rubber, tin, and ore invite conquest.

We do not know where the Japanese will be going next. It depends on what is happening over London, in the Balkans, in the deserts of Africa. It depends, too, on the immediate future of Singapore. For while Japan's keen and ambitious admirals are waiting for their European partners to give them the green light, Singapore is the only place where a red light could stop them.

It is no secret that a southward expedition aimed at the Netherlands Indies has long been mapped in every detail by the admiralty in Tokyo. These wealthy islands, scattered through a space almost as large as the territory of the United States and inhabited by 65,000,000 brown people, are the most precious of the floating prizes of this war. They have everything the Japanese haven't got—rubber, iron, tin, some gold, almost all the world's quinine, most of its kapok and pepper, and the largest oil fields in the Far East. These raw materials would pump new blood into Japan's industries. They would, through sale abroad, pump new gold into her nearly empty coffers. And the vast population of the archipelago would constitute a safe and valuable market for products made in Japan.

Can the Indies be defended? The islands are well fortified, and the local Dutch administration has done a splendid job of building up a large army of bright and loyal Eurasians. Naval forces of considerable strength are based in Soerabaya and other ports, and the Dutch air force, made up of fast and expensive American planes, is said to be in top shape. But whether these efforts will suffice to keep an approaching enemy away from the islands' shores appears doubtful. The defense problems of the archipelago are strangely similar to Norway's. There is an immense coast line which affords innumerable points where a landing could be made. There are bays and inlets which open up patches of valuable territory inaccessible from the rest of the colony. The vital port of Balikpapan on the island of Borneo, for example, where the oil pipes meet the sea, is surrounded by impenetrable jungle which insulates it from the remainder of Borneo. It could be invaded by relatively small units of an enemy fleet; and after a surprise landing it would take a colossal effort to dislodge such enemy forces.

Military observers doubt whether Japan could spare enough ships for such an expedition; they also doubt whether an expedition could get that far without being spied, and bombed or torpedoed out of existence. But, at least for argument's sake, it could be assumed that a totalitarian nation can always spare enough of anything if its leaders mean business; besides, an expedition aiming at the local occupation of one or two strategic ports (not of the entire archipelago) would not have to be large. The Germans did not use large armadas to steam up the Norwegian fjords. As for the discovery of a southward move in time to stop it, it must be said that those are tricky waters, that the expedition would not have to come all the way from Japan, but from some advance base such as Hainan or Indo-China, and that a lot of open water would have to be surveyed day and night to achieve the purpose.

This is where Singapore comes in. Ships can carry men and equipment from Singapore to Batavia in ten hours. Planes can get there in less than two.

The protection of the Netherlands Indies was a part of the Singapore scheme even before the islands were orphaned by the German occupation of their mother country. Britain's economic stake in the archipelago is considerable. Through the partly British-owned Royal Dutch Shell combine, Britain has a hand in the exploitation of the islands' oil resources; the British investment amounts to over \$130,000,000. Britain's share in the colony's trade and shipping is heavy. Apart from such economic interests, however, British statesmen knew that they could not afford to let the islands fall into the hands of an enemy; they could not afford to have the Empire's communications with Australia severed at will, and to face the muzzles of enemy guns across the street from Singapore. To-day, Britain's interest in defending the Dutch islands is even greater.

The United States has solemnly affirmed, through the Secretary of State, her vital interest in the preservation of the *status quo* in the Netherlands Indies. A look at our import statistics shows that we depend heavily on the islands' rubber. Along with the tin produced in near-by British Malaya, we need it for the smooth execution of our armament program. To help in the islands' defense, however, American forces might have to be based in Singapore rather than rely upon the existing American facilities in the Philippines.

Battleships want to have their bellies scraped at least twice a year. There is no dry dock in the Philippines where battleships or large cruisers could put in for such essential repairing and overhauling jobs. The nearest dry dock is in Singapore. It was erected there to save British ships the trip to Malta, six thousand miles away. A huge floating dock, which can handle ships larger than any units in existence, was towed all the way down to Singapore from England. Thus, two of the world's largest capital ships can be refurbished simultaneously at Singapore. With not a single ship of the line stationed there, the base is like a chicken farm without chickens.

There is another ironical aspect to this situation: even to defend the Philippines, a fleet might have to be based in Singapore rather than in Manila Bay. Despite General MacArthur's efforts to build up a native army in the islands, which would be able to take over when the Stars and Stripes are hauled down in 1946, Philippine defenses remain pathetically inadequate. The islands lie directly in the path of a Japanese thrust to the south, and their northern outposts are almost in sight of Japanese Formosa. A Japanese landing could be effected without much ado along any of thousands of points of the unguarded coast line: chromite, iron, copper and gold would be the booty.

This, again, is where Singapore comes in. Advocates of an American "visit" to Singapore suggest that our ships, with the facilities and resources of the British base at their disposal, might issue from that port unhampered by Japanese torpedoes, bombs and mines. They might steam up some fifteen hundred miles to intercept a Japanese expedition and to give battle victoriously. Such an event, however, is apt to remain hypothetical. The mere stationing of large American forces at Singapore is likely to deter the Japanese from an armed venture to the south. It was this thought that prompted Japan's Foreign Minister, Yosuke Matsuoka, to register his profound concern when plans for British-American co-operation at Singapore were first mentioned in the press.

## II

As long as Singapore is a naval base without a navy, the visitor who first sets foot there does not feel that he is entering the arena of to-morrow's war. The city, which was a jungle-surrounded fishing village when Sir Stamford Raffles acquired it for the East India Company in 1819, is one of the world's largest commercial ports. The first impression is one of peace rather than of armed preparedness. Thanks to its position on the main thoroughfare between the West and the East, Singapore enjoys the monopoly of Europe's trade with East Asia; some \$750,000,000 worth of commerce moves through its harbor every year. Some two hundred and fifty steamers are tied up along its piers every day. They have to put in here on their way out to China, Australia, New Zealand, and Japan. In times of peace, Singapore was the great commercial clearinghouse for all of south-east Asia. To-day, with many of the China ports paralyzed by the Sino-Japanese war, it has taken over much of the China trade. Incoming cargo is transhipped here for the precarious voyage over the Burma Road, and Singapore harbor is booming with activity.

Behind the bustling waterfront there is a hot tropical city, with all the color and the excitement and the strange contrasts of the Orient. In the windows of Western stores the luxuries of five continents are arranged in dazzling displays. Shiny black automobiles carry colonial officers, white business men, an and occasional Chinese millionaire. They are easily outdistanced by alert rickshas (rickshas for two!) and the bearded Sikh policeman will stop both rickshas and automobiles to clear the path for a trackless trolley. The town's white rulers congregate for whiskey and soda which they call *stengah*—the Malay word for "half"—in the lobby of one of the cosmopolitan hotels, or in their club. They spend the evening in an air-conditioned theater and they may take a drive along the beaches where the dark surf reflects a silvery moon, or across the causeway to the sultanate of Johore, before retiring to their bungalows. Coconut and rubber plantations surround the city.

According to our geography books, the Malay Peninsula is inhabited by Malays. In this city of Singapore you won't see many of them. Those brown, gracious, slow-moving, and lazy people, Moslems by religion, still prefer the leisure of the jungle. Most of Singapore's 700,000 people are Chinese immigrants, alert, hard-headed, businesslike fellows, and good and orderly citizens, whether they are ricksha coolies or wealthy merchants. The colony's richest man is a Chinese who is said to have made his fortune with a gambling concession. It is the Chinese element that gives Singapore its peculiar color. Chinatown, with its picturesque signs, abacuses, needles, lacquered chickens, and long chopsticks, extends over most of the city.

The Japanese have filtered in more recently. There are, by now, several thousand of them, and they have given the British administrators the "yellow fever." They form a closely knit group which shows a remarkable *esprit de corps* and whose activities are difficult to check. Many of them are traders—Japanese cotton goods in the Singapore market sent shivers down the spines of Lancashire merchants years ago. More recently the anti-Japanese

boycott of the local Chinese community has squeezed some of these Japanese out of business. But Japanese fishermen still roam Singapore waters doing more business than any other group, although some of those fishing licenses have recently been revoked. There are Japanese barbers, shopkeepers, and the representatives of large Japanese merchant houses and shipping lines. There is a Japanese golf course, and a large luxurious Japanese Association building. Whether all this adds up to a Japanese fifth column is difficult to say.

Some twelve miles away from Singapore city, the "fortress" lies hidden in the thick jungle. Ammunition dumps, repair shops, and the two huge docks form the naval base at Seletar, on the northern shore of Singapore Island. There, reclaimed from swamps and jungle, are the sites of the R.A.F. air base, oil stores that can keep an entire fleet afloat for half a year, and the most powerful radio station in the Orient. The base is protected by eighteen-inch guns, the largest coastal batteries in the world, which are placed at Changi. There are colossal searchlights, anti-aircraft guns, and steel nets for protection against submarines.

Singapore's preparations for "the day" revolve, however, around the island's air force. It consists largely of Lockheed bombers which were ordered in the United States before the war began. They were shipped to Australia early in 1940 and were taken to Singapore by members of the Australian air force who are now stationed at Seletar, outside Singapore city. These planes, flying in formations of five, are constantly on patrol over the fortress, often flying out over the ocean for a distance of five hundred miles. Singapore's fighting man power is being augmented rapidly. On the ground, there are three battalions of British infantry and a large number of troops from British India, including an Indian anti-aircraft regiment. An army of seven thousand technicians and mechanics stand with screw drivers handy.

It is evident from all this that the Singapore scheme was conceived from the viewpoint of defense, not attack. An approaching enemy would think twice before tackling the "Gibraltar of the East." Singapore's big guns, firing over a distance of twenty-five miles, are likely to keep the Japanese at more than arm's length. The only possible danger, then, that remains is the danger that the architects of the Maginot Line inexplicably ignored: aggressors are curious people; they do not like to attack fortifications known to be impregnable. They'd much rather take a detour.

Singapore is out on a limb. The limb is the long and slightly crooked Malay Peninsula on whose southern tip Singapore lies. In its northern reaches, the limb is alarmingly thin. Some five hundred miles above the fortress, only the narrow isthmus of Kra separates the Pacific from the Indian Ocean. Cut the limb at this point, and Singapore will be left without life. As it happens, the Isthmus of Kra belongs to Siam, a colorful, Oriental jungle kingdom, the only independent nation in southeastern Asia. For years the British rulers of Singapore have cast a worried eye on their neighbor to the north. Siam, which is now Thailand, might well turn into another Belgium in the event of an Anglo-Japanese clash.

## III

Few of us have been aware of the very realistic war which has been raging for months along the jungle-overgrown border between Thailand and French Indo-China. As soon as Japanese troops filtered into that French colony from the north and east, the well-trained armies of Thailand attacked it from the west. The details of this war are not known—chiefly because of a scarcity of war correspondents in that insignificant corner of the world. But it can be surmised that Thailand's action was welcomed by Japan, which for a good many years has played the rôle of Thailand's protector. Japanese influence in Bangkok has grown stronger of late, and there is little doubt that Thailand's place in greater East Asia has already been specified. Japan at present contemplates raising the legation at Bangkok to embassy status, and, with Japanese troops all over neighboring Indo-China, Thailand may well be expected to "look up to Japan as an elder brother."

Singapore is within easy bombing distance of a base which the Japanese might like to establish in the green jungles of Thailand. But a far more formidable danger lurks behind Thailand's friendship with Japan. The Isthmus of Kra, at its narrowest point, is only twenty-five miles wide. The range of mountains running the length of the Isthmus is interrupted by a valley here, and the alluvial soil and the equal water level of both oceans would make the construction of a shipping canal possible. For several years rumors have asserted that such a canal would be built by Thailand

with Japanese financial and technical aid. Thus far, no steam shovel has scratched the Isthmus. But Singapore merchants look up north with apprehension: a shipping canal at Kra would deprive them of their monopoly, as it would cut the trade route between Europe and the Orient by three days. And the military wonder what good their eighteen-inch guns would be if another gate opened into the Indian Ocean.

As long as the British Empire stands, the Kra canal is not likely to be built. Its western entrance would lie in the shadow of British guns mounted on the southern tip of Burma. Besides, Britain still holds the purse strings in Siam: practically all of Thailand's public debt is made up of sterling loans, floated in the London market, and most of Thailand's securities are deposited in London banks. A British financial adviser draws up the Thailand budget, and a large proportion of Thailand's public utilities and private industries is British-owned. Sir Josiah Crosby, Britain's envoy in Bangkok, is said to have offered Thailand a loan of \$20,000,000 together with a promise to help her recover her lost territories from French Indo-China. As long as larger issues are in the balance, little Thailand might like to wait and see, profiting from the woeing of both London and Tokyo. If she should jump to Tokyo's side of the fence, revisions of the Singapore scheme will become necessary.

These are the stakes. As the defense of France was based upon the Maginot Line, so the defense of the colonial empires of eastern Asia is based upon Singapore. The British Government, in the teeth of a strong parliamentary opposition which refused to support this "colonial folly," poured its millions into Singapore to

stop the march of Japan. At the time the Singapore scheme was born, nearly two decades ago, such a plan appeared quite realistic. Japan was in the process of modernizing her army and navy, her industries were making rapid strides, her markets were expanding, her power was growing fast. It seemed appropriate to build a naval base to check that power. Europe was at peace, and Britain could afford to envisage a clash between herself and Japan which would involve no other nations. Then, as Nazi Germany rose in Europe, the chances of such an isolated conflict in the East became less likely.

Until the outbreak of the European war, Britain was ready to station a full-fledged battle fleet, including four or five of her largest units, at Singapore. This is no longer possible. Will the American Navy fill the gap? The risk of such a venture is terrific. With every day, as Japan creeps closer to the equator, the narrow waters around Singapore become more perilous. Japanese airplanes and submarines stationed at advance bases are likely to hamper the operation of large cruisers and battleships. Battleships are expensive, and the hitting power of Japan should not be underrated. While it is still easy to get into Singapore, it may be difficult to get out of it.

Under the circumstances, it is quite likely that the Singapore fortress will remain intact. But is it not likely that the Japanese may turn it into a death trap? What is needed to fight Japan in Oriental waters is a complete navy, a complete army, and a complete air force. Nothing would be more welcome to Nazi agents, both in Tokyo and in the United States, than the diversion of such large forces, whether they be British or American, from the theater of the European war.

## Dr. Currie's Mission

(*The Oriental Economist*)

**S**HANGHAI—There are various versions regarding the mission of Dr. Lauchlin Currie, President Roosevelt's emissary, who visited Chungking early in February and left China on the 27th of the same month for Washington.

One version which has gained widespread circulation, being given prominence by vernacular newspapers here, is that Dr. Currie was charged with the mission of stabilizing the currency and finances of the Chungking regime. This version attaches importance to his being a financial expert.

Another version is that President Roosevelt's emissary was entrusted with the task of supplying arms to China from the United States, mostly heavy artillery and aircraft.

According to a third version, somewhat in conflict with the preceding two, Dr. Currie was sent to make a critical survey of the situation in Chungking. Nelson T. Johnson, until recently United States Ambassador to China, in his blind love for China, is said to have come in for a storm of criticisms for his alleged partial reports on the China situation to President Roosevelt. These reports are said to suggest that their author is not an Ambassador of the United States, but a spokesman for Chiang Kai-shek, to say nothing of their lack of accuracy. President Roosevelt, therefore, decided to send Dr. Currie to Chungking, prompted by a desire to obtain a fair and accurate survey of the economic situation in Chungking, according to this version.

President Roosevelt had an eye on mining concessions in Southwestern China in dispatching Dr. Currie to Chungking as his emissary, according to a last version. The United States is said to be contemplating granting loans to Chungking in connection with the development of salt wells at Taelisong in Southwestern Szechuan Province, exploitation of water-power resources and building of railways and highways in Southwestern China, in return for which Chungking is requested not to give any third Power mining concessions in Southwestern China in the future without the agreement of the United States.

Chungking mobilized its organizations to give full publicity to Dr. Currie's visit, and the American emissary was treated as the Chiang Kai-shek Government's guest. In a press interview granted prior to his departure from Chungking, Dr. Currie made the significant remark that he might have been able to make a little more detailed survey of the actual conditions in China had he not been confronted with such a heavy program of receptions.

Whatever the mission of Dr. Currie in visiting Chungking, there is no denying the fact that the Chungking authorities are

endeavoring to tighten their political and economic relations with the United States, taking advantage of the Presidential emissary's visit. While Chungking's leaning toward the United States has no doubt been accentuated by Dr. Currie's visit, it is interesting to note that a movement has started among Chungking Government circles against their increasing dependence upon Washington.

Opposition to Chungking's growing dependence upon Washington has arisen not only from the rightist but also from the leftist factions. The rightist senior statesmen denounce the projected economic concessions to be granted the United States, pertaining to tin, antimony, tungsten, and tung-oil as a price for the assistance to Chungking, as an ineflameable taint on China's independence. They point out that Chungking is now leading its entire energies to the prosecution of resistance against Japan simply because it wants to safeguard the national independence of China.

The leftists, mostly Chinese Communists, base their opposition to Chungking's dependence upon the United States on similar grounds. They contend that the war for the emancipation of the Chinese nation must be prosecuted on the basis of China's own natural resources. Assistance from the Soviet Union may naturally be expected, but they argue that assistance from such an imperialistic Power as the United States must be rejected, because the primary purpose of such assistance consists in bringing pressure to bear upon Japan on the part of the United States. Furthermore, in accepting American assistance, Chungking would be compelled to grant the imperialistic Power new economic concessions in China, while future movements of China, which is engaged in resistance against Japan, would be controlled and utilized by the United States. The alignment of the Chinese Communist Party with the rightist faction in denouncing Chungking's dependence upon Washington may be due to its desire to check any further advance of foreign influences, namely, Anglo-American, which stood behind the Chiang Kai-shek régime in the latter's *coup d'état* against the Chinese Communist forces.

Keen interest is attached to the future development of the new situation in Chungking where part of the political influence has risen against the Chiang Kai-shek régime's increasing dependence upon the United States. Prevailing indications point to a further split in the Chungking régime consequent upon Chiang Kai-shek's growing dependence upon Washington, especially since antagonism between the Kuomintang and Chinese Communist parties is taking a delicate and dangerous turn.

# Aspects of China's World Trade in 1940

(U.S. Department of Commerce, Far Eastern Section)

A study of the statistics of China's foreign trade for the year 1940—preliminary figures—reveals several points of interest, none of which approaches in significance the outstanding fact that recorded trade figures no longer present a true picture of the actual size and distribution of China's foreign trade, but only indicate its trends. Foremost among the reasons for this, of course, is that a very large proportion of China's imports from the non-yen-bloc countries, and from Japan as well, are not recorded in the statistics of the Chinese Maritime Customs but represents (1) purchases by the National Government at Chungking; or (2) imports by Japanese authorities for use in China. There are differing estimates, "educated" guesses, as to the volume and value of both these streams of trade, but no approximation of their probable size has been made public.

## Trade Figures Record Large Increases

Figures of the Customs Service record total imports into China from foreign countries as of the value of 748,900,000 Gold Units, an increase of 39 per cent over the value of imports in 1939. Exports registered an even larger increase of 92 per cent, to a value of 1,970,000,000 yuan. But in both categories the figures are misleading and require certain necessary adjustments to arrive at the estimated true values. Applying such adjustments in United States currency, recorded imports from non-yen-bloc countries into North China ports during 1940 totaled a value of \$28,800,000, or 11 per cent of total imports from non-yen-bloc countries. Into Shanghai, recorded imports from non-yen-bloc countries totaled a value of \$167,900,000, U.S. currency, or 64.6 per cent. Into other Japanese-controlled ports of Central and South China, non-yen-bloc countries contributed recorded imports to the value of U.S. \$2,400,000, or one per cent.

The ports still under control of the Chinese Government received recorded merchandise imports from the non-yen-bloc countries during 1940 to the total value of U.S. \$81,200,000, or 22.4 per cent of the total. Thus the value of all imports from non-yen-bloc countries into the China area during the year totaled U.S. \$226,300,000, or only 2.2 per cent below 1939.

## Imports Considerably Exceed Exports

Making similar necessary readjustments of the figures, recorded exports of merchandise from North China to non-yen-bloc areas during the year were valued at U.S. \$33,000,000, or 17.5 per cent of the total value of exports from all China areas (excluding Manchuria, of course) to the non-yen-bloc countries. From Shanghai to those same destinations went out 50.5 per cent of the trade, to a value of U.S. \$16,500,000. From other Japanese-controlled ports in Central and South China, exports to non-yen-bloc countries totaled a value of only U.S. \$787,000, or half of one per cent; while from the ports still under Chinese control recorded merchandise exports to the non-yen-bloc areas amounted to a value of about U.S. \$59,700,000, or 31.5 per cent. Thus total exports of Chinese merchandise to non-yen-bloc areas reached a value of U.S. \$189,000,000 in 1940, or an increase of 2.7 per cent over 1939, and approximately \$70,000,000 below the value of 1940 exports from those areas.

## British Empire Leads

The British Empire, including especially Hongkong and British areas of the Far East, still maintains its established position as the

largest supplier of imports from non-yen-bloc countries to the whole China area, with about 41 per cent of the total trade. The United States occupies second place with 32 per cent, the largest share of any individual country, and French Indo-China ranks third with a share of 8.4 per cent, chiefly rice and coal. Netherlands India follows with a rating of 6.7 per cent, chiefly in petroleum products and sugar; then, in the order named, Brazil with substantial cotton shipments, Germany with dyes and machinery, and Thailand with rice.

The United States takes the place in China's export trade with the non-yen-bloc countries that the British Empire holds in its import trade with them by taking nearly 52 per cent of All-China produce, the British Empire ranking second with 36 per cent.

## Trade with the Yen-Bloc Areas

Recorded merchandise imports from the yen-bloc areas—Japan, Formosa, Korea, Manchuria—for 1940 totaled a value of 217,000,000 Gold Units, or about Y500,000,000. Official trade statistics of the yen-bloc countries, however, report recorded exports to China from those areas at a total value of about Y925,000,000 of which export trade to the value of Y680,000,000 is credited to Japan. These figures suggest that merchandise exports from yen-bloc countries as recorded in their trade, to the value of about Y320,000,000, were not recorded in China's import trade statistics, and in addition it has been remarked that there were considerable quantities of goods entering China from yen-bloc areas that were not recorded in the statistics of either the senders or the receivers. Hence it is believed that total imports into All-China from the yen-bloc areas in 1940 exceeded a value of Y1,000,000,000.

Approximately 67 per cent of the imports from yen-bloc areas entered through North China ports, 30 per cent by way of Shanghai, and the remaining three per cent through other Japanese-controlled ports of Central and South China.

Recorded exports from China to yen-bloc areas during the year totaled a value of 284,900,000 yuan or, in local yen, 242,000,000. However, official trade statistics of the yen-bloc countries indicate recorded imports from China to the value of about Y450,000,000, of which goods to the value of Y325,000,000 were sent to Japan; but recorded import statistics of the yen-bloc countries are notably incomplete, and several important items from China are not indicated. For example, trade circles estimate that rice shipments from Central China to Japan in 1940 of between 600,000 and 700,000 tons, of the value of about Y250,000,000, were not recorded in either Japanese or Chinese statistics.

## Unrecorded Export Trade Large

Exports from China to the yen-bloc area, both recorded and unrecorded, are estimated at a valuation for the year of not less than Y800,000,000. Shipments of coal, salt, and raw cotton were the main exports from North China and totaled 55 per cent of the recorded trade, while Shanghai contributed 45 per cent, or nearly the whole of the remainder, in rice, cotton, and other cereals.

The items that showed quantitative increases in recorded imports into China from all sources in 1940, compared with the previous year, were rice, cotton yarn, combed wool, aluminum, automobiles, leaf tobacco, petroleum products, timber and coal. Import items showing quantitative decreases comprised rayon, steel bars, trucks,

(Continued on page 165)

# Scientific Farming in China's Interior

By S. S. SCHMIDT

**T**HIS year 1939-40 has seen remarkable development in the field of agricultural promotion in China. The producer of this achievement is the National Agricultural Production Promotion Commission of the Executive Yuan. Increase in agricultural production for the past year as a result of the commission's efforts is valued at \$19,290,937.

This expansion in agriculture is the fruit of a nation wide agricultural promotion program conducted by the commission. The program includes plant and animal production, irrigation and river conservancy, rural subsidiary industries and establishment of agricultural extension systems. Its scope extends through the provinces of Szechuan, Sikang, Shensi, Kansu, Honan, Hupeh, Hunan, Kwangsi, Kweichow, Yunnan, Chekiang and Kiangsi.

Of \$1,000,000 allowed the commission for 1939-40, more than 90 per cent was used for promotion of agricultural production, while the overhead expenses amounted to only \$12,069.

In the field of crop extension, the increase of crop production totals \$7,274,846. The main emphasis was laid on the production of cotton and staple crops. The cotton area has been extended in Yunnan, Kwangsi, Kansu, Honan, Sikang and Shensi to a total of 331,000 mu (about 55,000 acres). The wheat-growing area in Shensi has been increased by 220,000 mu (about 26,866 acres). In Shensi and Kweichow, 7,000 mu (about 1,100 acres) more of Irish potatoes have been grown. In addition, improved seeds have been planted on an additional 13,000 mu (about 2,100 acres).

In connection with crop disease prevention and insect control, the increase in yield brought about by such efforts is valued at \$5,517,038. These measures comprise the control of cotton aphid, cotton leaf roller, cotton pink boil worms, cut worm, red spider, for 430,000 mu (about 71,000 acres) of cotton; smut and nematode for 440,000 mu (about 73,333 acres) of wheat. In granaries established in Kwangsi, Honan and Hupeh, 800,000 piculs of grain have been stored. More than 28,000 citrus trees were kept free from injury due to ruben scale. In addition to the control measures, the commission, in co-operation with the Central Agricultural Experiment Bureau of the Ministry of Economic Affairs and several provincial institutions, manufactured insecticides on a large scale.

In the field of horticultural improvement, the improvement of citrus varieties as well as the improvement of promising native vegetable in Szechuan have increased the production by \$295,308. In the field of afforestation, since forests are of great significance in flood control, the setting out of trees in Shensi has been increased by 1,000,000 though there is no expectation of immediate profit. In the field of special crop extension the introduction of 500 mu (about 82 acres) of indigo in Honan, and the increased acreage for castor oil beans and hemp in Szechuan has brought a total return amounting to \$53,925.

## Animal Husbandry

In the field of animal husbandry, 50,000 head of work cattle and 400,000 sheep have been added through financial aid from the commission in Shensi, Kansu and Ninghsia. The sum gained is estimated at \$2,635,200. In the field of sericulture, the commission has distributed 27,000 sheets of both spring and autumn silkworm eggs together with more than 3,000,000 kernels of tsu tsui eggs and 300,000 improved mulberry seedlings in Yunnan and Kweichow. This brought an increase in returns of \$345,878.

In the field of irrigation and river conservancy, irrigation and drainage have been improved for 12,860 mu (about 2,133 acres) and 1,900,000 mu (about 360,000 acres) of waste land in the border areas of Shensi, Kansu and Ninghsia have been cultivated and \$1,211,600 worth of production is expected. In the field of fertilizers, a grant has been made to the Szechuan Provincial Agricultural Improvement Institute to run and equip several factories producing bone-powder fertilizer. The total output, amounting to 3,960 piculs of bone-powder, from the factories of Mienvang, Witting-hsia, and Chungking has secured an increase

of \$88,500. In the field of rural subsidiary industries, hog-raising, poultry raising, weaving, shoe-making and handicraft paper industries in Kiangsi, and Chekiang have realized a return of \$37,200. There are other intangible effects of this whole program which it is impossible to express in concrete sums or definite estimates.

In an attempt to increase agricultural production of the country, the National Government organized a Ministry of Agriculture and Forestry. According to the new Ministry, in fourteen provinces of China, the production of foodstuffs this year is expected to register an increase of 32,180,000 piculs. The figure does not include the amount to be saved through protective measures. The expenses for the promotion of foodstuffs increase program have been set at \$9,500,000. The program is enforced in Kansu, Shensi, Honan, Hupeh, Szechuan, Yunnan, Kweichow, Hunan, Chekiang, Fukien, Kiangsi, Kwangtung, Kwangsi and Sikang.

Farmlands in these fourteen provinces are to be extended. It is estimated that the production of foodstuffs will be increased by 100,000 piculs by utilizing open space; 1,000,000 piculs by reclaiming waste land; 18,500,000 piculs by extending winter-plowing acreage, and 7,000,000 piculs by converting certain farmlands into cereal fields. The increases to be brought about by the propagation of better variety seeds, the enforcement of more rigid anti-pests and anti-insects measures, the employment of better quality fertilizers and the introduction of improved farming methods are estimated at 2,400,000 piculs, 830,000 piculs, 1,000,000 piculs and 1,250,000 piculs, respectively. The improvement of irrigation systems will also contribute to the increase of crops.

Efforts will also be directed towards an increase in farm labor. The rate of production of foodstuffs in each district will be one of the main factors to determine the merits of the magistrate concerned. The manufacture of rice wine is prohibited. The improvement of granary facilities and the restriction on polishing rice and wheat to a high degree are expected to save millions of piculs of cereals from being wasted.

The following will give briefly the detailed plans of agricultural development in the different provinces of interior China.

## Hunan Province

Hunan, known as "province of rice," spared no effort in the extension of its main crop. This is in accordance with the provincial agricultural program which aims at utilizing every available piece of land for increasing production. Cotton, tea and tung trees are among the principal products extensively cultivated as a result of official encouragement.

A survey of undeveloped land in the province began in the autumn of 1938, resulted in the discovery of 220,000 acres of cultivable land in 44 counties. In January, 1939, a land reclamation office was established, and refugees and poor were among the first given government assistance for settlement. Up to the present, 5,500 acres have been developed in two lots. The first lot consisting of 3,350 acres, is yielding an annual rice crop of 100,000 piculs. To further the reclamation efforts, the Central Government has granted \$60,000 in subsidies to prospective settlers together with 200 water buffaloes and \$10,000 worth of selected seeds. Preparations are being completed for the utilization of 70,000 acres of grassland for rearing livestock. The land is located in two counties, where separate offices have been set up for the promotion of the project. The first office was established in July, 1939, and a number of refugees have been sent to settle there.

The National Military Council has granted a \$1,000,000 loan to the Honored Soldiers Administration for helping 10,000 disabled soldiers to raise livestock on the grassland. Of the sum, \$200,000 have been paid through the four government banks to start the work. The effects of the land reclamation efforts have been felt also elsewhere in the province. Farmers have been obtaining loans through co-operative societies for the development of uncultivated land. According to official statistics, 22,000 acres have been made productive in this manner.

Main efforts are directed to rice production. In 1939, 70,000 acres of farmland, which formerly produced glutinous rice, were converted into ordinary rice fields, thereby increasing the annual production by 2,200,000 piculs. In the following year, 72,000 acres were similarly converted. The propagation of fine quality rice qualities has been ceaselessly pursued. In 1939, 5,400 piculs of selected seeds were distributed, enough to cover 18,000 acres of farmland. In 1940, 9,000 piculs were distributed in seventeen counties for 23,300 acres of farmland. Winter-plowing has been widely enforced in the province. Reports from 30 counties show that wheat is cultivated on 20,200 acres, rape on 25,000, beans on 1,000, corn on 10,000 and potato on 8,300 acres.

For the promotion of cotton production, a number of cotton co-operative societies have been organized. These were responsible in the past two years for the development of 7,000 acres of cotton fields. Cotton of American varieties was extended to 20,000 acres in west Hunan, and 5,000 acres in southern Hunan.

An extensive program has been launched for the cultivation of tung trees. The program called for the planting of at least 3,000 tung trees by every village or rural town by the end of 1940, and the number is to be increased yearly. By the end of October, 1940, 6,370,000 tung trees were planted in 72 counties. In tea production, the provincial authorities have extended technical aid to growers in eight counties, where a general increase in the production of better quality tea has been reported. In the past two years, 65 new tea co-operative societies were organized using modern methods of tea production. As a result of arrangements between the Hunan provincial authorities and the Foreign Trade Commission of the Ministry of Finance, loans have been made available to tea-growers. A special administration was established, and under its supervision 90,000 boxes of red tea were exported in 1938, 90,000 boxes in 1939, and 80,000 boxes in 1940. The figures excluded the large export of black tea. A factory for the manufacture of brick tea was established in March, 1941, producing 36,000 bricks monthly. Loans given to tea-growers were \$609,000 in 1938, \$1,390,000 in 1939, and \$2,474,000 in 1940.

Rural co-operatives, through which the authorities are giving financial aid to the farmers, at the end of October, 1940, numbered 14,567. Co-operative granaries number 1,495. Six organizations with an available fund of \$22,000,000 extend loans to these societies. Loans granted total \$18,000,000 of which \$8,000,000 have been repaid. Classes are being held to train rural co-operative workers in the province.

### Kweichow Province

Mountainous Kweichow has shown rapid progress in agriculture during the last few years. Scientific farming has been gradually introduced by the Kweichow Agricultural Improvement Station with the co-operation of related government and private organizations.

Situated on the 1,500-meter Kweichow-Yunnan Plateau, Kweichow has a territory of 170,106 square kilometers, 70 per cent of which are covered with mountains and hillocks. The province has estimated cultivable land of 50,000,000 mu of which 20,000,000 mu are tilled. It has also 26,000,000 mu of forest land besides 100,000,000 mu fit for afforestation. The fertility of its soil is inferior to that of Szechuen but better than in Kwangsi and Yunnan. Temperature ranges from 20 to 80 degrees Fahrenheit, and most of the counties are free from ice and snow. The average annual rainfall amounts to 1,200 millimeters, 70 per cent of which is concentrated in the four months from April to July. Therefore, natural conditions are fair for agriculture in Kweichow.

Of the province's 10,454,504 people, 77 per cent are farmers, according to a study made by the provincial government in 1937. The province has 1,000,000 heads of oxen and buffaloes. Calculated at 50 mu per head, the total stock is able to supply animal power for the entire provincial cultivable land.

The province has five organizations working for the improvement of its rural economy. They are the Kweichow Co-operative Commission and Kweichow Agricultural Production Credit Committee under the provincial government, the Kweichow Agricultural Improvement Station, and the Irrigation Credit Commission and the Animal Epidemic Prevention and Cure Commission. The county governments have been ordered to co-operate with these organizations.

The Kweichow Agricultural Improvement Station was established in April, 1938 with an annual budget of \$140,000 and a working fund of \$100,000, \$100,000 being provided by the Ministry of

Economic Affairs and \$140,000 by the provincial treasury. The National Agricultural Production Promotion Commission, the Foreign Trade Commission, the Agricultural Credit Administration and the Kweichow Development Corporation have, moreover, granted \$20,000 to \$100,000 each during the last two years. And the National Agricultural Research Bureau "loaned" more than 20 experts to the Kweichow Station to help in its activities.

During two years of research, the station has discovered five wheat, two rape, three corn, and two rice varieties. Studies are continued to determine their value. Experiments are made to introduce American cotton and Virginia Bright Leaf. The station agents have collected 1,218 samples of Kweichow plants, studied agricultural price in ten markets and general agricultural conditions in the province. The work is still in progress.

In the field of agricultural extension, the station promoted the cultivation of winter crops in nine counties, including 390,374 mu of wheat, 360,000 mu of rape, and 291,691 mu of other cereals. It distributed 45,700 catties of improved American and Chinese cotton seeds to farmers in 13 counties for planting 13,237 mu, giving an increased yield of 3,000 piculs of raw cotton worth \$730,000. The work was continued in 1940. The station in the last two years planted 694,576 trees and distributed 478,000 more, in addition to those planted by county governments. In 1939, 36 counties planted 6,202,336 trees.

The station encourages the growth of *antheraea pernyi* (silkworms grown on wild mulberry trees). In northern Kweichow, 674 farms asked to grow the species in 1939 and collected 29,800,000 cocoons valued at \$227,000. Because of the unfavorable climate, only 23,300,000 cocoons were collected from 1,000 farms in 1940. Valued at \$290,000, they gave a net profit of about \$100 to each farm. The station imported white hogs from Szechuen for multiplication in Kweichow where, by the end of 1940, about 1,300 white hogs and 10,000 of mixed strain were produced. The cultivation of castor oil seeds brought a harvest of 300,000 catties valued at \$200,000.

The station established a factory for manufacturing serums used in the prevention and cure of animal epidemics. In the first eight months of 1940, the factory made 27,500 c.c. of vaccine and 20,500 c.c. of serum and distributed them in Kweichow villages.

The Kweichow Co-operative Commission was established in July, 1936. Up to the end of July, 1940, the province had 8,183 societies with 320,954 members and \$748,343 share capital, 21 district union societies with 72 member societies and \$880 share capital, and 519 mutual-help societies with 19,277 members. The province had in 1940 45 county co-operative treasuries which loaned a total of \$12,504,501. Of this, \$4,089,717 were repaid, leaving \$8,434,784 outstanding.

The Kweichow Agricultural Production Credit Committee granted \$320,000 "oxen-loans" in nine counties in 1939, to relieve the serious shortage in these animals in northeastern Kweichow. It also loaned \$60,000 to farmers to buy improved seeds and establish nurseries. The loans facilitated considerably the extension work of the other agricultural organizations.

The Irrigation Credit Commission invited Hwai River Commission to make a comprehensive study of Kweichow irrigation projects. The group sent by the commission was, however, transferred to other duties, and another one was sent by the Ministry of Economic Affairs in 1940. A canal was completed in June, 1940, at Tingfan at a cost of \$23,000 to water 6,000 mu of land.

The Animal Epidemic Prevention and Cure Commission was established in the summer of 1938. It organized 82 county and 93 village branch offices. For better collection and exchange of information, it set up 337 information centers in 13 counties in eastern and northeastern Kweichow. It paid special attention to epidemics among buffaloes. In 1938, it inoculated 3,004 buffaloes, cured 304, and killed 24, bringing the epidemic in northeastern Kweichow under control. Another epidemic broke out in the same territory in 1939. The commission again sent its workers to the district and inoculated 6,202 and cured 562 buffaloes to bring the situation under control. It also inoculated the 5,731 buffaloes bought with the \$230,000 loan granted by the Kweichow Agricultural Production Protection Committee.

### Szechuen Province

Details of Szechuen agricultural improvement in 1940 were reported by the Szechuen Provincial Agricultural Improvement

Institute. Dr. L. F. Chao, director of the Institute in the report, covered all aspects of the work in which the institute engaged in 1940. The five principal activities were: promotion of sericulture, propagation of improved varieties of cotton, promotion of animal husbandry, increasing food crops and improving tung oil. Subsidiary lines touched upon in the report include tobacco cultivation, afforestation, agricultural chemistry, land reclamation, horticulture and agricultural economics.

An improved variety of tobacco known as T400 was developed by the institute's tobacco experimental station. With the aid of the Ministry of Finance, this variety was propagated on 250 mu which brought the farmers an additional income of \$10,500. The tobacco was found suitable for making good-quality cigarettes.

To promote forestry, the institute established a forestry control bureau in the Min River valley with several working stations and experimental orchards. These orchards in 1940 raised 2,615,710 seedlings. Last spring, 625,140 trees were planted in mountain areas, 42,419 along highways, 6,180 along river banks and 23,462 in other places. In addition, 1,258,396 saplings were distributed among farmers along the Min River and in northern Szechuan.

In the field of agricultural chemistry, the manufacture of better fertilizer constituted an outstanding work of the institute. Six factories in Chengtu, Iuhsien, Hochean, Chienyang, Wutungchiao and Chungking turned out 285,175 catties of bone powder. It is estimated that 30 catties of such powder on one mu of rice field increase production by 60 catties. The yield of the 9,500 mu fertilized by the whole powder output was therefore increased by 57,000 piculs. At a price of \$50 per picul, this meant an additional income of \$285,180 to the farmers.

More than 30,000 catties of green manure (a kind of grass manufactured into fertilizer) was propagated on 2,649 mu in 22 counties in Szechuan in 1940. By this spring, 1,900,000 catties of green manure is expected enough to fertilize 16,500 mu of rice fields. This will increase production by 14,850 piculs raising the agricultural income by \$740,000.

The annual production of improved silk is estimated at 9,300 piculs, with a value of \$37,000,000. Cotton of the Delfca variety produced in scores of counties is estimated at 123,280 piculs a year, worth about \$43,000,000. Szechuan also produces annually 300,000 piculs of sugar-cane of Java and India strains, which are estimated to be worth \$9,000,000.

Farm irrigation loans extended to 2,000 parties amounted to \$3,000,000 up to June. It is estimated that a total of 1,500,000 mu of farmland benefit from these loans. For the promotion of co-operative enterprises, advisory offices have been established all over the province. Co-operative units have been increased to 19,553, and loans total \$40,000,000.

One hundred thousand settlers and their families are making a new living on government land reclamation areas in Szechuan Province. Of the total, 65,000 are in the southwestern districts of Mapien, Opien, Pingshan and Leipo; the rest are divided among the underdeveloped regions of remote Szechuan bordering on Shensi, Sikang, Yunnan and Kweichow Provinces.

A total of 1,250,000 mu of land in these colonies has been utilized by the new settlers who went there under the auspices of 35 public and private organizations. The capital invested in the projects is estimated at \$1,700,000, of which \$1,200,000 has been spent on the Mapien-Opien-Pingshan-Leipo area, located in the Szechuan, Sikang and Yunnan triangle.

Land reclamation in Szechuan was started in 1936 when government representatives were sent to the virgin lands of the province to study the possibility of development. At the same time, private initiative was encouraged. According to the provincial reconstruction bureau, there were 21 reclamation societies in Szechuan in 1937. They had a total capital of \$102,900 and attracted 30,000 settlers and their dependents to their initial projects. A Szechuan Provincial Land Reclamation Committee was organized in November, 1939, to administer this important phase of reconstruction.

After long preparations, the committee started its activities with a budget of £242,392 for 1940. Regional offices were established to direct new settlers how to make the best use of the land. Agriculture was not alone to be promoted: animal husbandry and handicrafts were also engaged in by the refugee farmers and their families. Small-scale mining was started. The provincial efforts were later reinforced by the Central Government and private

enterprises which brought the total investment up to \$1,700,000 and the number of settlers and their dependents to 100,000. These figures, however, are by no means complete as a number of organizations had yet not reported when the statistics were compiled.

The Four Government Banks and the National Relief Commission have helped finance the reclamation program. New settlers are provided with small loans for the purchase of implements, buffalo, seeds and fertilizers. In many cases they are given sustenance fees as many as eight months until they bring in the first harvest.

Land reclamation in Szechuan, according to the authorities, is progressing well from its modest start. Thanks to government promotion and propelled by economic and social necessity, it has a bright future. Plans are under way for establishing a land reclamation bank and for issuing \$100,000,000 land reclamation bonds in the province.

### Kwangsi Province

A total of \$8,450,000 will be spent for agricultural promotion in Kwangsi in 1941, according to Mr. Chen Hsienng, reconstruction commissioner of Kwangsi. As a result of this farm improvement program, the production of cereals will be increased by more than 2,000,000 piculs.

Of the budgeted amount for agriculture, \$1,700,000 will be provided by the Kwangsi provincial government. The Joint Board of the four government banks will set aside \$5,000,000 as loans for development of farm irrigation in Kwangsi. The same board, together with the Farm Credit Administration, will place at the disposal of the Kwangsi provincial government an additional amount of \$1,300,000 for granting loans to intensify the winter ploughing campaign.

The National Foodstuff Control Bureau will share in Kwangsi's agricultural program by granting \$300,000 for the increase of the production of foodstuffs, while the Foreign Trade Commission will help by giving \$150,000 for the production of tung oil.

In addition, subsidies are also expected from the Ministry of Agriculture and Forestry and the Agricultural Production Promotion Commission of the Executive Yuan. Mr. Chen Hsienng was mainly instrumental in securing these subsidies from the banks and government organizations during his extensive trip to Chungking.

Agricultural promotion, according to Mr. Chen, was begun in Kwangsi in 1937. During the first half of that year, however, efforts along this line were confined to research and experiments. Actual propagation and extension work did not commence until the latter part of 1937, when an agricultural administration bureau was established under the Kwangsi provincial government. The bureau consists of five departments dealing with agriculture and forestry, animal husbandry, agricultural economics, land reclamation and irrigation. Besides, each county has an agricultural bureau. The chief agricultural experiment station is at Liuchow while six smaller stations are scattered in different parts of the province. Emphasis has been laid on the cultivation of improved varieties of cotton, wheat and tung trees.

### Ninghsia Province

With an annual subsidy of \$900,000 for five years for reconstruction purposes from the National Government, beginning in 1939, economic development is progressing in the 274,810-square-kilometer northwestern province of Ninghsia.

The Yellow River, which flows through the eastern part of the province from south to north, watered 2,280,000 mu of the province's 2,400,000 mu farmland with its complicated network of 42 irrigation canals along the river, according to a survey made by the end of 1939. Repairs of old canals and the digging of new branches added another 700,000 mu in 1940. The 72 lakes in Suihsien, Ninghsia, and Pinglo area in central Ninghsia will be partially drained to create more farmland.

Besides reclaiming 240,000 mu of waste land in the last three years, the province will cultivate 500,000 mu more this year by requiring its 80,000 farmsteads with less than 50 mu of land to add six mu each to their fields. The land will be given to these farmers against the payment of a registration fee of eighty cents per mu. To farmers holding less than 10 mu the land is given free.

The province planted 15,000,000 trees in the three years of 1938-1940. The Alan Mountains west of the Yellow River have a

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# Moscow, Yenan, Chungking

By SABURO OKAZAKI

(*Pacific Affairs*)

(The following article, translated from the Japanese by A. J. Grajdanev, appeared originally in *Kaiho (Reconstruction)*, Tokyo, in its issue of November 2, 1940).

\* \* \*

**A**s is well known, the controlling and the leading force in the Soviet Union, the backbone of the Soviet Government, is the Communist Party of the Soviet Union. This party is a member ("a branch") of the Communist International. Though only a part of the Communist International, the Communist Party of the Soviet Union occupies in it an exceptional position; one may say that its influence in the Communist International is overwhelming. Thus one can definitely say that the controlling, guiding force of the Communist International is the Communist Party of the Soviet Union. The Soviet Government and the Communist International are, so to say, two organs of the Communist Party of the Soviet Union, through which the Communist Party realizes two different policies, and this should be remembered by students of the world situation in general and of the Far Eastern situation in particular.

Of course, it is clear that these two separate policies are conducted by the same body—by the Communist Party of the Soviet Union, whose final aim is to spread communism from the lands controlled by it to all other parts of the world. This aim has been pursued since the establishment of the Soviet Union. However, which way should be taken for the attainment of this final goal—this one or that one, or a third one—all this is a matter of expediency subordinated to the general goal.

The Communist Party of the Soviet Union is working now through two different organizations, but the distinction is rather one of spheres of action. One organization—the Soviet Government—is a state institution. Though the organization of this government is unique in the world, outside of the Soviet Union it operates like any other state, being co-existent with democratic, fascist, or kodoist states.\* In its international relations the Soviet Government is not a communistic institution; it is different in character from the Communist Party and does not differ from any other state; it acts in the international sphere separately from the communist organization, and under present conditions this may be the best method for the attainment of the final goal of communism. Thus it should be recognized that the Communist Party, acting through the Soviet Government, does not act according to Communist principles. But, on the other hand, when acting through the Communist International it acts completely as a communist organization. The Communist International preaches openly its final goal—realization of communism throughout the whole world. For the attainment of this goal it ceaselessly works with the utmost energy. In this respect hardly any doubt can exist. Thus for the realization of its goal the Communist Party works through two organizations, completely different in form. This fact makes possible extreme elasticity of the Soviet policy. According to the needs of the moment the party strengthens now one organizational line, now another, or both simultaneously. If the state with which the Soviet Union comes into contact is weak, then a communist policy is applied, as for example in Mongolia, in Poland, in Finland, in the three Baltic states and in Rumania. But if the opposing state is strong, then the policy applied to it is almost or completely non-communist. Germany, with which the Soviet Union is now practicing a policy of friendship, may serve as an example.

Faced with this double character of the Soviet policy the Great Powers also combat it with a double policy: now, for example, Germany and Italy are ruthlessly repressing the encroachments of the Communist International, but they maintain friendly relations with the Soviet Union. The United Kingdom and the United States, however, are not on friendly relations with the Soviet Government; but in respect to the policy of the Communist International they do not differ from Germany or Italy. At present Japan takes the same attitude. Of course, our state structure

and social system (in Japan) are not—as a matter of principle—compatible with communism, and because of this any movement of the Communist International in Japan is resolutely prevented. However, at the same time, if, for the establishment of peace and prosperity in the Orient, it should be necessary to establish friendly relations with the Soviet Union, this should be done. But in our (Japan's) case the situation is complicated by the fact that the China Incident, being not yet solved, presents a grave question of the moment, and because of this it is extremely important to examine the Moscow policy in respect to China.

The double policy of the Communist Party of the Soviet Union in relation to foreign countries may be especially well observed in China. As is well known, the Chungking (united) front of resistance to Japan is based on collaboration of the Kuomintang and of the Communist Party of China. Of course, this collaboration does not mean a complete fusion of these two parties; their common front of resistance to Japan is comparable to an alliance formed for the purpose. Unoccupied China is divided between them, they have their respective territories and their respective armies. Now the strength of the Chungking Kuomintang much exceeds that of the Communist Party, so that in their common anti-Japanese front the weight of the first is much greater than that of the second. It is true that the Communist Party now represents in China a force which cannot be neglected; yet unoccupied China is far from being a communist state, and that is why the direct relation of the Soviet Government to the Chungking Government does not differ from that of the United Kingdom or the United States. But this relationship with Chungking on the part of Moscow is only one side of the Communist policy in China. Another and very important side is the policy toward Yenan.

Yenan, the center of the Shensi, Ninghsia and Kansu region, as well as of the guerilla regions of Northern China, nominally is only one of the regions of unoccupied China which are under control of Chungking; but actually it is almost independent and is under the control of the Communist Party of China. The Communist Party of China is the Chinese branch of the Communist International. Though the Chinese Communist Party, after the Communist Party of the Soviet Union, is the most influential group of the Communist International, yet there can be no doubt that it is under complete guidance of the Communist International, and, consequently, is dominated by the Communist Party of the Soviet Union. It should be pointed out also that though the distance between Moscow and Yenan is great, politically there are no obstacles between them, because between them lie Outer Mongolia and Sinkiang. Though the situation in the North-west is not clear, yet according to available reports the Communist Party of China is slowly driving toward communist organization of all spheres. Though the North-west is an agricultural country, it may follow the path of Outer Mongolia, a cattle breeding country, which in twenty years advanced far along this road. Economic relations will drive in the same direction. Connections with Chinese coastal ports were difficult before the war and now they are severed, and a Red Route connecting the Northwest with the Soviet Union makes for closer economic ties with Soviet China than with the rest of China.

Moscow's policy in respect to Yenan is clear. The Communist International, through the Communist Party of China, is trying to sovietize the North-west, to create indissoluble ties with the Soviet Union, to turn it into a base for sovietization of the whole of China. If the North-west should gradually become the base for the Communist movement in Eastern Asia, it will become the greatest source of danger to the establishment of the New Order in Eastern Asia, and Japan cannot remain an indifferent spectator of these changes. But the problem of Yenan is not only the problem of communism. Yenan forms the most energetic center of the anti-Japanese

\*Translator's note: Kodo, the Imperial Principle, is presumably followed by two states—Japan and Manchoukuo.

movement in China, and we cannot in this respect separate it from Chungking.

The Chinese Communist Party as the energetic preacher of resistance to Japan is inseparably connected with the spread of communism in China. But the party knew that for large-scale resistance to Japan the participation of the Chungking Kuomintang was an absolute necessity. That is the reason why the Communist Party of China made many concessions to the Chungking Kuomintang and sacrificed original communist demands in order to achieve the formation of a united anti-Japanese front. Occupying, as compared with the Chungking Kuomintang, a relatively small corner of the North-west, it insisted on the anti-Japanese war by Chungking, demanding at the same time recognition of its sphere of influence and making efforts to spread communism. Through repeated defeats in the war of resistance the strength of the Kuomintang has decreased, and the Communist Party of China gradually has attained a greater voice in Chungking.

At the same time the Soviet Government, faithful to its policy of dissociation from the Communist party, had nothing to do with the communist activities in China, at least formally. Just before the outbreak of the China Incident the Soviet Government concluded a non-aggression pact and a commercial treaty with China. This pact and treaty form, up to the present, the basis for the relations between the Soviet Government and the Chungking Government, are upheld by both sides, and play an extremely important part. But it is significant that these agreements were concluded between Moscow and the Chungking anti-Japanese front directly, without any reference to Yenan, and Yenan is a part of the territory of the Chungking Government in respect to which the Soviet Government promised non-aggression. By the commercial treaty the Soviet Government is to get antimony and tungsten from China in exchange for its machinery and mechanized military equipment. This is a commercial transaction between Moscow and Chungking, and Yenan has nothing to do with it. In these agreements nothing specifically ideological appears, and there is no difference between these relations and, for example, those existing between the Soviet Union and Germany, or relations existing between the Government of unoccupied China and the United Kingdom or United States. These are relations between two sovereign states, pure and simple. Of course, this does not mean that Japan can be indifferent in this respect, just as she cannot be indifferent to the help given to the Chungking anti-Japanese regime by the United Kingdom or the United States. However, we notice that since the outbreak of war in Europe the United Kingdom and the United States on the one side and the Soviet Union on the other are pitted one against the other. Thus, the situation is far from simple. On the one hand the three powers are helping China, presenting a common front to Japan; on the other hand there is struggle within this front.

From the above it is clear that there are two Moscow policies in respect to China. One has to do with Yenan and, through Yenan, with Chungking; the other has to do with Chungking directly. One is a communist policy, the other is a policy of a state toward another state. Both of them are anti-Japanese; but we should recognize the existence of both. Which of them is now stressed by Moscow it is difficult to say, and further development depends on changes in the international situation.

We (the Japanese) face now the necessity of adjusting our relations with the Soviet Union. If the relations between the two countries undergo the proper change, this should be a contribution to the construction of the new order in Eastern Asia. An extremely important factor in this adjustment will be the problem of China.

However, one may think that the change in the Soviet policy in respect to China, among other problems to be solved, is not an absolute prerequisite to the improvement of mutual (Japanese-Russian) relations. It is clear from what has been said above that both of the Soviet policies in respect to China are anti-Japanese. So the question may be raised: which of these two policies should undergo a change and which of these two policies may undergo a change? But one cannot find the final solution within the frontiers of China alone. A factor of great importance in this connection will be the international position of the Soviet Union and especially her relations with the United States. These will influence equally relations of the Soviet Union with Yenan and also with Chungking. The problem of China is at the same time the problem of the whole world, just as the task before Japan can be solved only as a part of the world problem.

## Aspects of China's World Trade in 1940

(Continued from page 160)

wheat and wheat flour, cereals, and rubber, with imports of raw cotton almost the same as in 1939.

These exports showed quantitative increases: bristles, egg products, skins, hides, essential oils, peanuts, sesame seed, tea, coal, raw silk, wool, cotton yarn, carpets and salt. Exports showing quantitative decreases were: feathers, casings, wheat flour, tung oil, cotton, cotton waste and cotton piece goods, tin, antimony, and hat fibers. Except for wheat and rice exports, quantitative fluctuation of important imports was not great. With the exception of tin and antimony, export items were generally larger than in 1939.

All things considered and barring unforeseen circumstances, it appears possible that China's trade in 1941 should continue on a possibly even higher level than in the year just closed, as there is within the whole China area a definite pressing demand for many imported essentials, while in overseas countries, as a result of war conditions, the demand for China's chief products is likely to be maintained on at least the present levels.

## Scientific Farming in China's Interior

(Continued from page 163)

number of fine forests. The provincial authorities are taking care to protect them. A 200-square kilometer steppe at the eastern foot of the mountains will be forested this year, and more trees will be planted along the irrigation canals and the Yellow River.

To give financial help to local farmers, the province will grant \$5,000,000 of rural credits in 1941. The rural co-operative movement had a late start in this province. The first society was established only in July, 1940. But in a half year, 180 societies were founded with 15,700 members, which loaned out \$300,000. The province has an animal husbandry station with one branch. It keeps hundreds of improved horses, cattle and sheep grazing on the Alan Mountains steppe to produce better and bigger livestock for the local farmers. Two more branch stations will be established this year.

## Increased Exports

With the promotion of agriculture in these provinces, the export of farm products from the southwestern provinces of China has been greatly increased during the past few years, including tea, silk and tung oil. For instance, the China National Tea Corporation collected 805,000 cases of tea in 1940 as against 510,000 cases in 1939. For 1941, the China National Tea Corporation has secured \$50,000,000 for collecting and purchasing red and green tea from tea-producing centers in the interior provinces as well as for further expansion of tea factories and development of tea groves in the South-west.

The average annual production of tea in China during the past two years is estimated at 900,000,000 pounds. At present only ten to fifteen per cent is exported, the rest being consumed at home. Efforts are being made to enlarge China's tea trade abroad as this vital cash product has been improved both qualitatively and quantitatively. During 1940, 208,618 cases of tea were sold by the corporation in Hongkong. The average weight of a case of tea is 60 new catties. The 1939 and 1940 amounts of tea collected by the tea corporation follows:—

		1939		1940	
		Cases	Amount	Cases	Amount
Chekiang	..	258,217	\$10,202,844.11	380,000	\$16,000,000
Kiangsu	..	130,004	7,356,257.70	115,000	11,750,000
Fukien	..	—	—	120,000	12,540,000
Anhwei	..	58,004	2,714,912.21	200,000	21,900,000
Hunan	..	56,007	1,542,540.94	90,000	4,320,000
Huph	..	7,004	347,500.74	10,000	720,000
Total	..	810,808	\$23,164,007.70	805,000	\$47,660,000

# Japanese Women in Wartime

By DENARIUS DEAN

(*The N.Y.K. Travel Bulletin*)

**N**EVER before in the history of Japan have women been so much to the fore in every field of endeavor, and never have women been so important to the nation.

For the doors that were locked tight during the feudal age preventing her advancement and development are now wide open.

As she breaks with the past, the women of Japan are actuated by the popular slogan heard throughout East Asia, the "New Order," which is looked forward to as the dawn of fresh opportunities and remarkable developments for the peoples of the East.

With rapidity, the women of Japan are adapting themselves to changing events in their own country, on the Asiatic continent, and throughout the world.

One effect of the conflict in China has been the increased work of women in agriculture. The story of how the women on the land have undertaken the work of the farms, carrying on the cultivation of the rice that their husbands and brothers may serve in the Army is one that will never be completely told. A genius might arise in the literary world who could do justice to the subject, but it would only be but a glimpse into the reality.

It is said that man's work is from sun to sun, but women's work is never done, and the peasant women have always been familiar with the labor throughout the four seasons of Japan in making the earth yield vegetables and grain, as well as raising and caring for their children and maintaining their households.

In the absence of their menfolk these women have planted the new, green shoots in the overflowing paddy fields, making the rows straight and true which give such a tidy appearance to the country-side. They have waded into the mud and water to weed the plants that bear good grain, the staff of life in Japan.

With autumn these stout country lasses have taken scythes in hand to cut down the rice stalks, the grain hanging golden, ready for the harvesting. In ordinary times the heavy work of threshing and flaying, and filling the straw bags has been done by men, but now women have found this no hardship.

Patriotic feelings have inspired the women on the land to carry on their humble tasks in the fields in the realization of the importance of the cultivation of the soil and the necessity to keep the home fires burning when the young men have gone to the front.

But there is also a picturesque side to the labor in the rice fields, since for centuries past special rites have been performed in honor of sowing and

reaping. The daughters of the farmers do not regard their labor as drudgery, but respect for mother earth and hope for an abundant harvest.

Cheerfully the girls on the land have gone forth with their hoes to work among the cabbages, onions and sweet potatoes. They have been active in the acres of golden "natane," or mustard plant, used for its leaves, as well as oil from the seeds.

Clad in mompei, the overalls worn by women in mountainous regions, but now adopted widely, rosy cheeked country girls have tended the melon patches, picked russet pears and apples, and packed them for shipping. They have gathered the grapes in the vineyards and harvested the small oranges that are grown on terraces on the hillsides.

Not less active and courageous have been the women of the fishing villages along the coasts where the breakers of the Pacific, the Inland Sea, or the Japan Sea dash in along the shores. Many of the fisherfolk have been called to the colors. Their ranks must be filled by women.

It is a sight to see these lasses waiting for the boats to come in with the sardine catch, pushing the carts filled with the silver fish that have been caught in the nets. Their work does not end there, for day by day they are busy with rows of sardines curing in the sun, gathering in the racks and carting them away to the market.

Under the stress of the conflict in China, women are now invading new fields where, like angels, they formerly feared to tread. With fewer men to work in factories, women have been mobilized. In the cotton and silk factories, and the textile plants, girls have been largely employed, and have given satisfaction for their skill, concentration on their tasks, patience and diligence.

Now they are a factor in the industries, replacing men in mechanical tasks, employed in making tools and preparing blue prints.

When it is considered that women had few public duties to perform in the feudal age, the manner in which they are coming steadily forward into the mid-stream of present day life is as astonishing as it is impressive. The girls of Japan are now employed as saleswomen in the department stores, as telephone operators, in attendance in elevators, as conductors of buses and street cars. She gives her services as a nurse in hospitals, assists in medical and dental clinics, is a clerk in banks, typists in offices, usherettes in theaters, and hostesses in airplane services.

Not only is she going out of the home in this fashion, but she is now attending the universities



On the passenger planes of the airways, young women of Japan have become indispensable

which have recently granted co-education, and is engaged as a teacher or in research in laboratories.

Women, also, have found a place for themselves in literature, art, the dance, stage and the movies. They have qualified in the professions as lawyers and doctors.

What, however, has proved the sterling qualities of women in wartime has been the manner in which they have arisen to meet the national emergency. A high patriotic ardor has animated their public demonstrations.

Millions of women are members of the patriotic societies. There have been stirring occasions when these women have gathered in force in the broad plaza in front of the Imperial Palace with its moata, stone walls, and white turrets that are reminiscent of Old Japan. Holding aloft their flags, these women have expressed the new spirit of Asia, and unity of purpose, something that was denied them when Japan was isolated from the world, and women played but a small part in the national affairs.

There are times, also, when these patriotic women present a modern, historical pageant when they assemble at Yasukuni Shrine to pay their respects to the souls of the soldiers who fell on the battlefields.

To the eyes of the men who have returned from the front these women have been a cheering sight as they have said farewell to those departing, or welcomed those who have returned.

The new spirit has been expressed in patriotic parades when brigades of girls in mompei have proudly carried bamboo rakes and hoes over their shoulders showing their willingness to work on the land while their brothers are absent.

Equally inspiring have been the marching juveniles, girls with big drums slung over one shoulder and held on the hip. As they beat out a rhythm, their sisters followed playing on flutes, presenting a martial array in keeping with the new era in Asia.

In their wartime work the patriotic women of Japan have been active in raising funds to carry on their activities, in mountain, or sea coast villages, in the agricultural districts and the big cities.

Just as women in the West gather together for quilting parties, so the women of Japan meet in the villages to make sandals and rope from rice straw, to weave peasant hats for sunshades, and baskets, to be sold to buy comforts for the soldiers.

If blankets are needed, Tokyo women start a crusade, collecting, sorting and making them into bundles, gifts from women in all parts of the big city. They cut and sew thousands of undergarments for the soldiers, pack comfort bags, make quilts, and clothing for the infants of expectant mothers, and open temporary kindergarten in rural districts to relieve mothers so that they can work.

When the soldiers return, these women anxious to be of help, wash and mend their uniforms, sew on buttons, offer them refreshments. They are always on the station platforms to receive the little boxes containing the ashes of the departed. Sometimes a comrade brings the last remains, the box covered with white cotton. But the patriotic women are there to pay their respects, no matter what time of day or night, always ready to honor those



Japanese farmettes in their characteristic garb, mompei, or overalls, add a charming note to the rural scene when seen at work in the fields



In scientific laboratories the young Japanese woman grown familiar with test tubes and chemicals has made a place for herself

who have laid down their lives for their country.

Hospital ships come into harbors with the sick and wounded, and the patriotic women are the first to comfort them. Part of their duty, also, is to console bereaved families.

The final test, however, of the Japanese woman is her adaptation to the national emergency by giving up everything that savors of luxury, in particular her colorful and often gorgeous kimono. She has been dressed in all the colors of the rainbow, her obi of woven silks in gold and silver thread, often showing a raised pattern in lacquered strands. The looms have been busy with fabrics fit for fairy princesses, but now they are to be idle, as extravagant goods have been prohibited.

When the color harmonies and inexhaustible sources of designs of the kimono are considered, nowhere else in the world has feminine apparel shown such elegance and refinement, combined with fine craftsmanship. Bright colors and designs, closely associated with a

(Continued on page 171)

# Greatest Copper Producer in the Far East

## The Lepanto Mine in the Philippines

(American Chamber of Commerce Journal, Manila)

The Lepanto mine located in the Manayayan-Suyoc district of Mountain Province has earned its right to be included among the notable copper mines of the world. It is so listed in the Yearbook of the American Bureau of Metal Statistics, and aside from the three leading Japanese copper mines, Mitsubishi, Sumitomo, and Furukawa, it is easily the most important copper producer in the Far East. In 1929 according to company report, the Lepanto mine had an output of 8,342,444 pounds of copper, or 4,171 tons of metal, in addition to a gold and silver production valued at P.307,118. At its present rate of production this output will be considerably exceeded.

In comparison with a few of the great porphyry copper mines of the United States or with the huge copper deposits of Chile and Rhodesia, the Lepanto output shrinks into relative insignificance. Compared to the average copper mine, however, Lepanto looms large, and situated as it is thousands of miles distant from production centers of America and Africa, it has an importance to the copper industry of the Far East fully comparable to that of Magma or Granby, for instance in America. Its production today is only slightly less than that of Shattuck Dunn, one of the notable copper mines of Arizona, and exceeds the output of some of the famous old mines of the Michigan copper country.

Nearly every copper ore carries an appreciable amount of precious metal values along with the copper, which adds in most cases considerable by-product value to the output. Lepanto ore contains about P.90 in gold and silver, and present reports from the mine indicate that this amount is increasing. By way of comparison, the following table is of interest, showing the value of gold and silver per ton of copper ore for several copper districts, as well as the copper content of the ore (From U.S. Bureau of Mines Yearbook).

District	Average copper content	Value of gold and silver per ton
Arizona	1.88%	\$0.50
Montana	4.05%	1.64
Nevada	1.30%	0.45
Utah	0.86%	0.37
Lepanto	3.44%	1.40

It appears from the above that the precious metal content of Lepanto ore exceeds the average of other mines in the United States except Butte, Montana.

Lepanto is not a new copper mine. Like most notable deposits, its history extends back into antiquity. It is a curious fact that primitive peoples everywhere appeared to have discovered the art of smelting and refining copper from its ores long before they learned how to treat other ores. The copper deposits of Manayayan were no exception. Long before the Spanish occupation there is little doubt that the Igorrotes were mining and smelting the rich enargite of Lepanto and fashioning the metal into pots and pans for their use, as well as trading the copper ingots to the Chinese and the lowlanders.

In 1850 Don Antonio Hernandez, one of the government engineers, was sent to Manayayan to investigate the reports of rich copper deposits in that area. This engineer must have been highly regarded by his superiors, or perhaps in those days the mining

engineer was not so easily replaced as to-day. At any rate, Senor de Baranda wrote him before he left—

"I believe it is my sacred duty to give you a very special command. The mines are situated at a place very distant from all centers of population and the inhabitants of the country, if not at war with the Christians, are not by any means subjugated, and of a savage and ferocious character. I charge you, therefore, do not expose your life imprudently, or your health, for not only the examination and the mines but all of them and all the savages of Pangasinan and Ilocos combined are not worth the life of a Spaniard and least of all of an engineer of your merits and circumstances."

There appears to be little doubt that the good Don Hernandez was an accurate and painstaking observer. He required 17 days of mountain travel to reach Manayayan, a good indication of the then inaccessible character of the country. His report, which has been translated from the Spanish by A. J. Eviand, one of the early geologists with the Philippine Bureau of Mines, contains many

interesting passages regarding the methods of mining and smelting the ore employed by the natives, which while crude enough, at least worked out successfully according to their standards.

According to Don Hernandez, the mine workings consisted only of holes or small caves a few yards in length, which were scattered over a distance of 600 feet, and driven into the ore body from the side of the steeply dipping arroyo. To open a tunnel the Igorrotes commenced to collect water in a pool on top of the hill, and when sufficient water had accumulated, it was suddenly discharged down the slope—precisely the sort of operation that the '49ers used in California for their placer operations. The rush of water uncovered the veins that may

have been concealed by surface soil, and then commenced the laborious work of mining, without drills, dynamite, or proper tools. Tunnels were advanced by building a fire at the face and quenching the heated rock with water thus shattering it. The heavy copper minerals were removed from the country rock by pounding the mass with stones and washing away the waste as tailings. The concentrated ore was roasted to remove the sulphur and convert into a copper matte; this was then remelted to make black copper by blowing air through the molten mass, using a bellows, made from a hollowed tree trunk with a wooden piston dressed on its circumference with dry herbs and chicken feathers in lieu of packing. The resulting copper cake was refined once more by melting in a crucible, when it was ready for the market, or to be made into copper utensils. Many of these are still in existence to-day.

This report of the Spanish engineer aroused considerable interest from the authorities, but it was not until 1856 that application for the demarcation of the property was formally made by Senor Balbos y Castro, who obtained the concession with agreement that the native rancheros who were already exploiting their small tunnels should have their rights respected, and that other native miners should be guaranteed employment at fixed rates. For this concession P.500 was paid, which does not seem overly large for a mine that in one month had a production in excess of P.265,000.

The Cantabro-Filipino Company was formed a few years later, and active mining was begun under the direction of a first-class



Monument that marks the grave of Jose Maria Santos, brave Spanish mining engineer who gave his life in the development of the Lepanto Mine in the middle of the preceding century

Spanish engineer, Jose Maria Santos, who was loaned to the Company by the Spanish Government. Energetic development of the ore body followed, and evidence of his mining skill is still visible in hundreds of feet of old mine workings still open that literally honeycomb the upper portions of the present Lepanto mine. It may be added, without disparagement to later engineers, that Santos did a pretty clean mining job, and left little profitable ore behind him in the ground he mined. He built and operated a smelter for the ore, and in the fifteen years from 1860 to 1874 while he had charge of the mine, it is estimated that the mine produced upwards of 2,500,000 pounds of copper. This may not appear to be an imposing amount over a period of 15 years, but 90 years ago copper output was of small proportions even in highly industrialized countries, and the entire copper production of the United States was less than 12,000 tons of metal in 1868. When it is realized that this Spanish engineer had to face operating conditions that might have seemed insuperable to a man of less courage and ingenuity, in a country remote from supplies of any kind, confronted with transportation difficulties and coping with untrained labor, his work stands out as a remarkable engineering achievement. It is said that he died at the mine from overwork and exposure in 1875, and with his passing, the property shortly closed down. His burial place overlooks the mine where he labored so well, and is marked by a simple stone monument. Perhaps he would have liked the epitaph of Cecil Rhodes of South African fame—"So much to do, so little time."

### Mining and Milling Methods

Information Circular No. 3 issued by the Bureau of Mines, Manila, contains an account of mining and milling methods at Lepanto Consolidated by W. P. Boericke, N. M. Lim, and F. E. Johnson, and discussed in *The Mining Magazine* of March, 1940. The mine, the oldest and largest copper producer in the Philippines, is situated at Mankayan, 100 kilometers north of Baguio. The country is mountainous, with some peaks 10,000-ft. in height and with precipitous slopes. The Lepanto camp itself, however, has an altitude of only 3,000-ft. and lies on a fairly flat plateau. The swift-flowing Mangambang Creek drains the country to the north-west. Access to the property is over the Mountain Trail, an improved provincial highway, to Kilometer 90, then west on Soyos road to Kilometer 93, then north on the Tabio-Mankayan road to the mine. The trip by automobile from Baguio ordinarily requires five hours or a day's travel from Manila by trains and car. In the rainy season travel may be interrupted by landslides along the road.

The history of the property dates back hundreds of years, when the rich copper ores from the prominent bluff on the side of Mount Laaban were mined by Igorots, who smelted them in crude charcoal furnaces to make copper utensils and tools for themselves. Following intermittent working during this last century the Benguet Consolidated Company took an option on the property in 1934 and re-opened the old 3,240 drain tunnel and continued it along the foot-wall for 4,500-ft. After two years of exploratory work, which was done practically all on this level, Benguet gave up its option. The present company, Lepanto Consolidated Mining Company, was organized in September, 1936. Construction of a modern milling plant was started on January 1, 1937, and in October of the same year milling operations were begun, the first ore coming from the extensive low-grade dumps left from the Spanish operations. Mining and milling operations have continued ever since without interruptions.

### Geology

The average composition of the country rock at the mine appears to be close to a normal andesite. West of the Lepanto

claims there is an area of intrusive granite rock, which was probably the source of the mineralizing solutions. Two types of flow rock have been identified, the Mankayan andesite, a dark-grey fine grained porphyry with plagioclase phenocrysts, and an extrusive porphyritic dacite with dense groundmass of quartz phenocrysts.

Copper mineralization occurs as a replacement along a portion of the silicified zone known to extend at least 1.5 kilometers northwest of the mine, with a width of 400 to 500 ft., dipping steeply to the east. Silicification of the country rock has been complete. Pyrite is encountered throughout the zone, usually evenly disseminated in the quartz. Overlying the silicified zone is a capping of highly leached and altered rock containing iron and manganese which, it is believed, was originally impervious to the upward flow of ore-bearing solutions and caused deposition of the rich copper ores immediately below it. The main ore-body is a highly-fractured siliceous mass, which is in part irregularly replaced by enargite, pyrite, and chalcopyrite. The width of the commercial ore in this body, based on the assay walls calculated at a copper price of \$0.16, varies from 25 to 70-ft.

The ore-bodies occur as an irregular group of veins and lenses within this silicified zone with an apparent rake to the north-east and the greater concentration of copper values appears on the foot-wall or west side of the deposit, which follows a well-defined fault

striking about north 60° west. No tension fractures appear in the foot-wall, which appear to have been absorbed by the plastic andesite rock. A "bull-horn" gauge frequently appears on the foot-wall fault.

On the foot-wall side of the ore zone commercial values end rather abruptly, in general, within a few feet of the foot-wall fault. On the hanging-wall side of the ore-body commercial limits are determined by assay rather than by structure. At this side of the deposit, on all levels, there is a sort of "horse-tail" structure suggestive of the same phenomenon at Butte. These "horse-tails" diverge from the main body of ore at an angle of approximately 70° and consist of high-grade sections which decrease gradually in width and values the farther they get away from the main ore-body and eventually fade out into the non-commercial silicified zone in the so-called hanging wall area. They are usually high in copper values, with a gold content often better than in the main ore-body. Their occurrence along the structure is at very irregular intervals and their size is unpredictable.

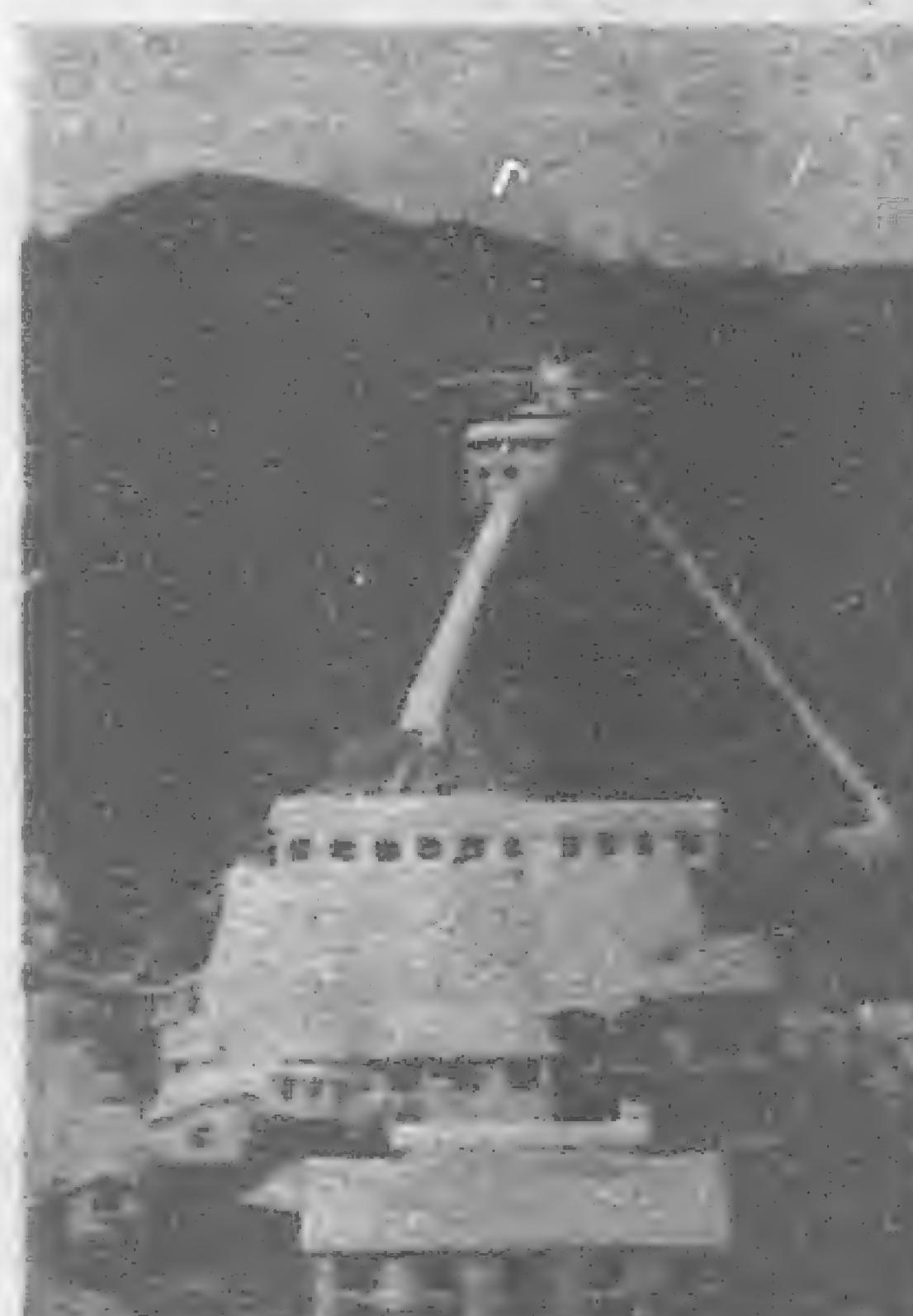
**Mineralization.**—The deposit is undoubtedly of primary origin and no evidence of secondary enrichment has yet been noted. The principal copper ore is enargite, but minor amounts of chalcopyrite and tennantite occur. Covellite

has also been found in the old Spanish stope fill. Large quantities of pyrite occur with the ore throughout the siliceous zone. The ore breaks in large blocks and is extremely hard. Gold and silver values are definitely associated with the copper minerals and usually increase with the copper content. It appears that the enargite was deposited before the chalcopyrite, from a study of ore specimens, and occurred early in the second period of mineralization. Enargite is on the whole a rare mineral and rather favors the monothermal type of deposits, according to Lindgren, which suggests possibilities of depth extension beyond any of the present workings.

Definitely associated with the copper ores is dickite, a hydrothermal kaolin, soft and plastic when moist, but which hardens to a compact mass when dry. While always found with enargite at Lepanto, it may occur when the ore is not commercial. It occurs in the fractures and joints of the breccia filling in the ore-body.

### Development

The ore-body outcrops as a steep cliff cut by the Mangambang Creek and the first work by the ancient miners was naturally a



Concentration plant of the Lepanto Mine

series of short tunnels and cross-cuts in the upper part of the ore-body, without regular pattern or system. Under Don Santos's direction some system was introduced in mining and levels were driven along the strike of the ore-body to the south-east, with open stopes to the surface, that were sometimes filled with waste or marginal ore. His lowest level was the 3,485, or the old Spanish drain tunnel. Unfortunately there are no accurate maps extant of the old Spanish workings and their absence has made the working of ground above the 3,485 level often hazardous and difficult.

The present operators drove the 3,380 level, which has been extended hundreds of feet and now constitutes the main haulage level of the mine. The Benguet Consolidated Company during 1934 to 1936 drove the 3,240 level along the foot-wall fault to the south-east for 4,500-ft. In addition to these three main levels, all on the foot-wall of western side of the ore-body, there are numerous sub-levels, as well as hundreds of feet of exploratory cross-cuts and "dogholes." The mine has been developed by over 18,000-ft. of tunnels, with a vertical distance from the top of known ore to the lowest level of 350-ft. The maximum length of commercial ore thus far developed on the 3,485 level is 1,350-ft., but this is not necessarily the ultimate length. The width of the ore mined varies from 5 to 80-ft.

### Mining Methods

The original intent when the present company took over the property was to mill the old ore dumps and bench the ore outcropping on the surface. During the first three months of operation only the dump material was run, but due to oxidation of the sulphides, along with a considerable amount of slime and dilution from the caving of the waste capping material, metallurgical results were unsatisfactory and it was determined to obtain as much mill feed as possible from the mine instead.

The present mining method used was devised by the management to take advantage of the great width of the ore-body in certain sections of the mine in order to obtain low stoping costs and at the same time to conduct mining operations with maximum safety considering the inexperience of the native miners in large-scale operations. The low grade of the ore-body made it generally uneconomic to use the conventional square-set methods of stoping. Hence a method was laid out using a combination of shrinkage stoping and caving. The original plan was to use shovels on either side of the main haulage levels. These shovels took the place of ordinary chutes and consisted of a small chamber with its bottom at the elevation of the top of a car, opening to a drift at the front and connecting with the stope at the rear by two inclined finger raises. This method of work permitted shrinkage stoping without danger of clogging the chutes with large blocks of ore. Bomblers could be broken or blasted on the shovels and mucked by hand into the cars.

More recently this system has been changed over to conventional shrinkage stoping, with the usual method of stope preparation and the use of large chutes of the Horne type to obviate the trouble from hung-up chutes.

### Milling

The Lepanto mill is a compact unit of the sidehill type and is situated 0.8 kilometer from the mine, with which it is connected by a track line. The original metallurgical work on the ore was done in the laboratory of Nielson Co., Inc. No pilot plant was used. The laboratory test work indicated a recovery of 90 per cent of the copper and 55 per cent the gold in a concentrate averaging 20 to 25 per cent copper. Indications are that the gold is locked in the quartz rather than with the pyrite and is undoubtedly associated with the enargite. The test work indicated that 0.2 lb. of xanthate

and 0.2 lb. of pine oil would be required, but in actual operation the consumption of these reagents has been less than anticipated. The ore floats fast and no conditioning is necessary. All the valuable minerals are floated in 12 minutes.

The flow-sheet of the mill is shown in the accompanying figure. No essential changes in it have been made since the start of operations. At the crushing plant run-of-mine ore is delivered to the ore-bin which is capable of holding about 20 tons, from which the ore goes by gravity to a 24-in. by 36-in. Blake-type crusher. It falls on to a 30-in. conveyor-belt 100-ft. long and passes through a gallery where as much waste as possible is sorted out by Igorot women. A 37-in. suspended magnet removes tramp iron at the end of the belt and the ore is discharged upon a 3-ft. by 6-ft. vibrating screen, where the undersize is by-passed, while the oversize, plus 1-in., passes through a 4-ft. Symons cone crusher and is discharged with the undersize upon an 18-in. descending conveyor-belt, 235-ft. long with an inclination of 25°, discharging into a 1,200-ton ore-bin. The inclination of this descending conveyor-belt is such that there is considerable spill, which results in a relatively high maintenance cost.

The ore is fed from the bin to the ball-mills by 20-in. variable-speed conveyor-belts. The milling plant consists of two 8-ft. by 6-ft. Marey ball-mills in closed circuit with two 6-ft. by 21-ft. Denver duplex classifiers. Pulp from the classifiers passes to a bank of six 36-in. Fagergren flotation cells and the froth from these is pumped to two 36-in. cells used as primary cleaners. The final concentrate is derived from four No. 18 Denver Sub-A cells which

reclaim the product of the primary cleaners and passes to two thickening and filtering units, each consisting of an 8-ft. by 16-ft. Denver thickener and a 5-ft. by 8-ft. Oliver filter. Only one dewatering unit is in use at a given time. Thickened and filtered concentrates are elevated by a conveyor to the drier building, where they are passed over a plate heated by exhaust from the Diesel plant and dropped into a bin. Tails and concentrate samples are cut by water-operated automatic samplers.

Early in September last installation of a 78-in. Akins simplex high-weir classifier was started, to operate in closed circuit with one of the ball-mills. A considerable increase in tonnage is anticipated as a

result of this installation, with a consequent reduction of overall milling costs. In connection with this installation the mill will be sectionalized, so that each milling unit has its corresponding flotation unit independent of the other. Four new No. 24 Denver Sub "A" flotation machines and four new No. 18 machines of the same type are to be installed.

The ball consumption in the ball-mills is high on account of the hard flinty character of the ore and averages about 6-lb. of 4-in. balls per ton of ore. Lower ball consumption is anticipated in one unit when the new classifier is placed in operation. Ball-mills are run at 23 r.p.m. Circulating load is 4 : 1. The plant capacity is 430 tons in 24 hours, but the capacity of the ball-mill section is higher, about 600 tons, tonnage having been limited by the small classifiers. The reagent consumption is shown in Table 1. The lime consumption is high on account of the acid character of the mine water and is added to the classifiers to bring up the pH to 11. The lime consumption varies almost directly with the rainy season, when the mine water increases. It has fallen as low as 3.3 lb. per ton in February and increased to over 6 lb. in June.

Recovery of copper and gold has shown steady improvement during the year. This is ascribed to better work by the mill men as they gained experience with the ore. Both grade and recovery of copper concentrates have been increased by the use of Aerofloat 25 and reduction in use of cyanide as a pyrite depressant.



New copper smelter shortly to be brought into operation at the Lepanto Mine

TABLE 1

Per ton milled Pounds		
Pine oil	0.058	
Sodium ethyl xanthate	0.98 -0.1	
Aerofloat 25	0.98 -0.13	
Lime	4.00 -9.00	

TABLE 2

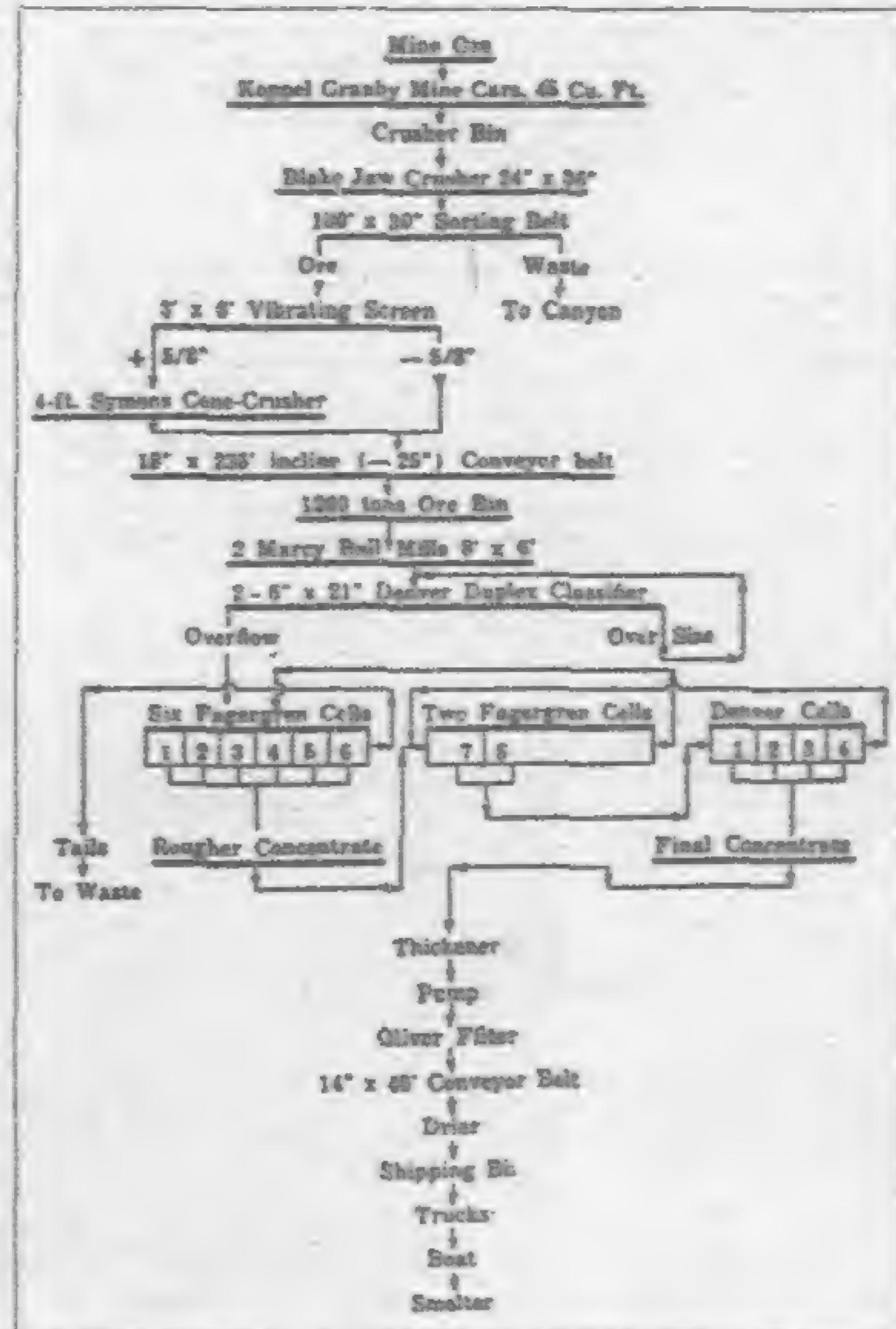
## METALLURGICAL DATA FOR JULY AND AUGUST, 1939

	July	August
Ore treated to mill, tons	12,322	11,300
Ore sorted, out, tons	287	224
Ore milled, tons	11,035	11,341
Copper in ore sorted out, %	0.270	0.198
Assay of heads, % copper	2.98	3.35
Assay of heads, oz. gold	0.057	0.055
Assay of heads, oz. silver	0.75	0.92
Assay of tails, % copper	0.41	0.424
Assay of tails, oz. gold	0.018	0.015
Assay of tails, oz. silver	0.25	0.23
Concentrates produced, tons	1,120	1,270
Concentration ratio	10:1	9:1
Assay of concentrates, % copper	27.9	28.55
Assay of concentrates, oz. gold	0.43	0.37
Assay of concentrates, oz. silver	5.83	5.69
Recovery of copper in concentrates, %	87.52	88.75
Recovery of gold in concentrates, %	79.5	75.34
Recovery of silver in concentrates, %	70.2	68.51
Total copper produced in concentrates, lb.	624,380	674,370
Total gold produced in concentrates, oz.	481.4	469.9
Total silver produced in concentrates, oz.	6,307.5	7,278.3
Consumption of steel balls, per ton milled, lb.	5.74	6.149
Consumption of pine oil, per ton milled, lb.	0.072	0.065
Consumption of xanthate, per ton milled, lb.	0.192	0.155
Consumption of Aerofloat 25 per ton milled, lb.	0.118	0.149
Consumption of NaCN, per ton milled, lb.	—	0.021

About 1,200 tons of water are required for the mill every 24 hours or about three tons of water per ton of ore milled. Water is taken from the Managumbang Creek above the mill and flows by gravity thereto through a 4-in. pipe. An attempt is being made to precipitate cement copper from the mine water flowing from the 3,485 level, which drains the old Spanish workings where the copper ore was of very high grade. The water is collected in small sumps and conducted into boxes filled with scrap iron, old shovel blades, etc. The copper content of the water is about 1 lb. per ton or 0.05 per cent copper. The scrap iron rapidly disintegrates in the acid water and precipitation of the copper is satisfactory.

The stacking of tailings, although extremely difficult as a result of the rugged topography, has been accomplished during the past two dry seasons. Heavy rains have flushed the accumulated tailings down the river to the sea in each case at the onset of the wet season.

Concentrates are loaded from the drier bin into specially-fitted heavy drums, each holding 0.5 metric ton of concentrates, and loaded on trucks for haulage to Baguio, where the drums are transferred to heavier trucks of greater capacity and hauled an additional 60 kilometers to San Fernando. At this point the concentrates are stored in the company's bin until shipped by boat to the smelter. At the present time all concentrates are sent to Japan under contract.



Flow-sheet, Lepanto Consolidated

Test work has been in progress for some time to determine the most economical and feasible type of smelting plant to be erected at the property. It is hoped to produce either a high-grade copper matte or a blister copper.

## Power Plant

The power plant is composed of three 420-h.p. Krupp Diesel engines, directly connected with G.E. generators. An adequate machine shop for general plant repairs adjoins the power plant, which is adjacent to the mill.

## Japanese Women in Wartime

(Continued from page 167)

love of nature, gave the Japanese woman freedom to express her individual taste and style, inherited for centuries.

Now the women of wealth and position are most affected by this national edict, and must fold up the attractive garments in which they appeared to so much advantage, and put them away.

The traditional marriage costumes must also be laid aside until a brighter day arrives. The bridal customs involved large sums. The wedding kimono was a brilliant affair, heavy with silver or gold, the obi of sumptuous brocade or embroidery. Every detail of dress was carefully studied from the tortoiseshell pins in the bride's hair to the jewelled clasp on the obi, and the silken

undergarments. The marriage banquet as well as the bride's dowry formed a costly outlay.

Now brides will exchange the sake cups with the groom in the wedding rite, and go to their new home forgetting all about the splendor of the past, and will be as simple and plain as possible, in order to conform with the trend of society in a war-torn world.

To the women of the leisure class falls the duty of social welfare, patriotic work, problems of economy, children and health. To the working girl on the land or in factories belongs the task of increasing production.

Look where they will there is work to do, and the women of Japan are not shrinking from the difficult tasks before them, but marching breast forward to the future.

# Mining in Northern Mindanao

**T**HIS is a certain compensating advantage for mining men in being removed from a telegraph station, a railroad line, and similar adjuncts of civilization that knit the world together. You are more or less free from distracting influences. Wars may rage, battles be won or lost, but if you don't know about them until the mail drifts in a week or two later, you gain a certain philosophy. Your own troubles and difficulties rather than the world's are all that matter, and you can apply yourself with undivided earnestness to the job on hand that concerns you. Perhaps this is one reason why mine development is going steadily ahead in northern Mindanao in the most remote of the Philippine mining areas.

The new Mapaso 100-ton mill near Surigao represents the newest addition to the ranks of the Philippine gold producers. Credit must be given to the indomitable energy of William Hootan, manager of the property, for the excellent work accomplished in erecting the mill in a comparatively short space of time, despite exasperating delays due to inability to get essential pieces of equipment promptly on account of war conditions and shortage of shipping space. Much ingenuity has been displayed in the mill construction, which is designed so far as possible to take advantage of the natural slope of the ground. An interesting innovation is the use of native hard wood supplied from a nearby sawmill for the construction of the cyanide tanks.

Near Kilometer 11 on the provincial highway that runs south from Surigao to Mainit, the North Mindanao and Mindanao Mining companies are jointly constructing an improved road about six kilometers in length to their properties which will provide easy access and eliminate the need of packing in all mine supplies by carabao, as has been done formerly. A

substantial bridge is built across the Surigao River. The dragline dredge that was formerly operated in the Curuan River in Zamboanga has been moved to its new location on the lower Tuguan River to which the new road leads, and is now being set up. Testing of the river gravels where dredging is proposed has indicated a better than average gold content.

The De La Rama interests have a small operation on the south-west side of Lake Mainit which is being actively developed. Access is difficult at the present time. The mine is about four kilometers distant from the shoreline of the lake, and is reached by a steep trail to the property which has an elevation of 1,150 feet. Little is known of the geology of the region, but the ore deposit appears to lie on a contact between serpentine and limestone. Such development as has been done has indicated presence of high-grade gold ore in an oxidized formation. A small mill is under construction.

An interesting new gold discovery has been reported in central Agusan, south of Bituan up the Agusan River about 25 hours distant by launch and banca. Considerable surface prospecting has been done by trenching and short tunnels on the numerous veins exposed, many of which pan freely. Some sensational values are reported. The property has recently been examined by several engineers of established reputation, and it is understood that they have been favorably impressed and advise further development. An option on the property has been taken by one of the more prominent mining companies of the Philippines.

In the Cagayan area, J. E. Barker is engaged in active development of the properties, which are located about 35 kilometers south-west of the municipality of Cagayan. Access to the property is over the provincial road to Talatog, thence by a good horse trail to the property for seven kilometers. Considerable development has been done on a consistently mineralized shearzone in granite and andesite, which shows presence of gold along its entire extent. Work has been confined to trenching and tunneling, for which the contour of the ground offers special inducement. A small pilot mill was erected, and sufficient ore was milled to indicate in the opinion of the owners, that a large tonnage of low-grade ore could be obtained at very low mining cost. Results were deemed sufficiently encouraging to justify erection of a larger amalgamation-cyanide mill, assembled on the property.

To the north-east of the Barker development the same shearzone is being actively prospected by other interests, with encouraging results to date. While not enough work has been done as yet to warrant mill construction, indications are promising, and some ore of good widths and better than average values has been found in the prospect tunnels and open-cuts.



Clearing ground for erection of new 30-ton mill in the Cagayan gold district



The new 100-ton mill at the Mapaso Mine, Surigao

# The Economy, Industry and Resources of French Indo-China

(*Bulletin of The South Sea Association*)

**F**RENCH Indo-China consists of the five regions of Tongking, Annam, Cambodia, Cochin China and Laos. Of these, Tongking and Annam are contiguous to China, and the nearer the parts of the colony to Chinese territory, the stronger are the Chinese elements in them. Since it became a French possession, Indo-China has lost much of its familiarity with the Chinese written characters, which, indeed, have now become dead letters to the younger elements of the people. Among the older folks, however, there still is a considerable number who can read Chinese. As a matter of fact, the name of each railway station is even yet indicated prominently in Chinese, reminding one that Chinese characters once were the national letters. There are also Buddhism and Buddhist temples introduced from China.

But once in the basin of the Mekong and farther in Cambodia, the Chinese color begins to fade. Actually, Indo-Chinese civilization is found here. Hinduism and Buddhism, introduced from India and Burma, still survive, but their existence is precarious and nebulous, especially in the southern parts of Annam and in Cochin China.

As for climate, it varies according to the district. The northern provinces have a climate resembling that of South China, characterized by very hot summers and winters of severe cold. On the other hand, the climate in Cochin China, Cambodia and the mountainous districts of Laos in the south differs little from that of India. In these districts, the dry weather continues from November to April and the wet season from May to October. In the intermediate districts, the climate is just about a medium between the two extremes. Indo-China is an apt name from the climatic standpoint. One could hardly have given a better appellation.

Of the population, Annamites are well in the lead occupying three-fourths of the entire racial distribution of 21,000,000. This race inhabits the littoral parts more favored by nature than all the other areas. Their region is more developed too, than in any other district. The Annamites are the most civilized portion of the entire population of the region. The next largest in number are the Cambodians, followed in order by the uncivilized natives, the Thai race, Chinese and French. The French population represents, of course, the highest level of culture, but numbers not more than 46,000 in all.

The foregoing is a rough sketch of French Indo-China. France has quite a number of colonies, it is true, but it attaches great importance to Indo-China, so much so that it is called the pearl of all

French colonial possessions. So it is, no doubt. But it is no less true that if it is the pearl, it is an unpolished pearl. For so far this region has remained solely a source of supply of materials and food for France as well as a market for merchandise from the latter. Its industry still remains to be developed. These facts are well illustrated by the actual state of trade of the region. The contents of trade in 1936 in three principal groups were as follows:

	EXPORTS	Percentage of total
Foodstuffs ..	70.0	
Raw materials ..	27.0	
Finished articles ..	2.1	
	IMPORTS	Percentage of total
Foodstuffs ..	13.4	
Raw materials ..	25.5	
Finished articles ..	61.5	

The figures show that foodstuffs and materials occupied an overwhelming position in the entire volume of commerce. It is also to be noted that foodstuffs and materials in export were accounted for chiefly by agricultural and mineral products. It is thus indicated, too, that the region is essentially an agricultural country.

## Agriculture and Farm Products

French Indo-China's agricultural products occupy approximately three-fourths of the entire volume of its export trade. Of these exports, the most important is rice. The annual yield of (cleaned) rice is estimated at 4,000,000 metric tons. The French Indo-China Government has announced that the ricefields have doubled in acreage during the past thirty years.

The areas under cultivation of the staple agricultural crops and their yields, as investigated in 1938, were as follows:



	Area under cultivation (in 1,000 hectares)	Yield (in 1,000 tons)
Rice ..	5,000	7,000
Indian corn ..	500	650
Rubber ..	127	60
Sugar cane ..	40	60
Copra ..	30	30
Tea ..	20	15
Leaf tobacco ..	20	15
Peanuts ..	23	20
Cotton ..	15	1.2
Coffee ..	10	5.5
Laquer ..	7	2.4
Sesame ..	4	3.5
Castor beans ..	4	5.0
Kapok ..	4	3.5
Pepper ..	1.5	3.5
Jute ..	0.1	0.3

Of the foregoing, it is rubber, coffee and tea alone whose industries are carried on under modern systems of enterprise and management. The production of these is undertaken by French capital, and their industries are concentrated in Cochin China. Other agricultural products depend on old-fashioned manual labor with the plough and hoe as the implements.

### Rice

Wide areas of alluvial soil are to be found in the deltas in various parts of French Indo-China. This fact, coupled with natural irrigation and the watering possible in the case of the deltas, renders the colony most suited for rice growing, though this is not the case with other tropical regions. The principal rice producing districts include, the plains of Cambodia in the basin of Mekong River, the plains in Cochin China and particularly all the deltas at the mouths of the Mekong and other rivers. The rice produced in these districts is called Saigon rice. The other rice producing center is the area covering the plateaus in Annam and the plains along the reaches of Sang-ka River in Tongking. This is called Tongking rice.

In the Tongking district, there are two, in some cases three, rice crops a year. The average yield, however, is not more than 11.7 quintals per hectare. Even in the best paddy-fields in Cochin China, the yield seldom averages more than 18 quintals. The average production for French Indo-China as a whole does not exceed 10.2 quintals. This is one-third of the average for Japan, which is 30.6 quintals per hectare, and is even inferior to that of Thailand, which grows 15.7 quintals.

This low yield is due to natural causes such as frequent changes of climate and liability to excess or lack of water for irrigation. It is also ascribable to the low state of agricultural technique in use, non-selection of seed varieties and hence non-improvement of them, and also to shallow tilling of the soil. Nevertheless the territory is favored by natural conditions in that rice can be harvested twice a year. So, if Japanese farming technique, which insures a yield as high as three times that in French Indo-China, notwithstanding the fact that rice is harvested once a year in Japan, were to be introduced, the yield would easily treble. This is the assertion of experts.

### Rubber

Rubber trees were first brought into French Indo-China and planted by Frenchmen in 1897, when rubber cultivation started from the very beginning as modern industry. Since 1906-7 it has attained rapid developments. The total area of rubber plantations was 127,000 hectares according to an investigation in 1937. The rubber producing districts are the northeastern parts of Cochin China and the southeastern parts of Cambodia, the former claiming 77.4 per cent and the latter 21 per cent of the entire area. Rubber is produced also in southern Annam, although only in small amounts. Generally speaking, French Indo-China is suited for rubber cultivation. So, if the region is thrown open generally, the rubber industry may attain a phenomenal development.

### Mining

Mining is the most important industry in French Indo-China next to agriculture and had been carried on by Annamites and Chinese even before the region passed under French sway. But it is since the introduction of French capital that it has attained its development as a modern enterprise.

Of the mining resources, the most important is coal, followed by tin and zinc. There are also deposits of lead, iron, copper, manganese, antimony, gold, silver, tungsten, rock phosphate and precious stones. The region is thus favored with abundant mineral resources, though it lacks petroleum.

### Coal

Coal is to French Indo-China's mining industry what rice is to agriculture. The principal coal area is Tongking, almost the entire coal output being produced there. The coal producing center of Tongking is the mine-let at Dong Trieu on the coast of La Baie d'Aeng. The coal produced here is known as Hongay anthracite coal, which is one of the best of its kind in the world.

The coal mines in this district are characteristic in that the deposits form extensive and thick layers near the surface of the

ground. Open-air mining is thus possible. Moreover, the mines are situated near the sea-coast and rivers, and because of this transport facilities are insured. In fact, the spot is favored by extremely advantageous natural conditions. A new coal field has recently been discovered also in the vicinity of Luang Prabang in Laos.

The annual coal output of the region exceeds 2,000,000 tons. According to the Economic Handbook of the Pacific Area, the entire deposits are estimated at somewhere around 20,000,000,000 tons, the largest next to China, in the Far East. It should be stated, however, that the December, 1938, number of *Asie Francaise* reports that the deposits in question were estimated at 1,125,000,000 tons. In either case, it is plain that the coal deposits there are huge.

### Tin and Tungsten

Tin is another important mineral product of French Indo-China, and ranks next to coal. The almost sole producing center is Nam Pateme Valley Cammon in Laos, though the metal is produced also in some amounts at Pia Ouac in Tongking.

The annual tin production in recent years has not been less than 1,500 metric tons. Practically all the tin ore mined is transported to Malaya to be refined there and then put on the world market.

Tungsten is produced as a by-product of tin from the alluvion and Wolfram stratum in Pia Ouac. Its annual ore output reaches 200 tons.

### Zinc and Lead

Zinc is found in the coal-bed on the left bank of the Song-ka River in Tongking. The center of mining is Cho Dien, where the ore contains 40 per cent of zinc on an average. Around 1926 the output exceeded 25,000 metric tons a year, but this figure lately has been reduced, having fallen to only 5,436 tons in 1939. Most of the ore is refined in Indo-China and the metal thus produced is exported to France and Japan in bullion form.

Lead is produced as a by-product of zinc-refining, but its output is very small, not exceeding 32 tons in 1939.

### Iron

The principal iron mines are located in Kebao Island in Tongking, in Haikuong, Thaiguuyen, northern Annam and the hillocks in Cambodia. Iron is distributed all over the area of French Indo-China except on the alluvions in Cochin China and Cambodia. These deposits still remain unexploited for the most part, however.

Regarded most promising is the iron-bed at Phnom Dek 70 kilometers north of Kompong Thom in Cambodia. Prospecting was undertaken at this field on a fairly big scale in 1928 with an eye to exporting iron ore to Japan. Owing, however, to the lack of transportation and communication facilities, this bed still remains insufficiently exploited.

The hematite and magnetite deposits in the Thaiguuyen district of Tongking are located in the area including the northern parts of the Song-ka River delta. The Yvonne Iron Mine also may be mentioned, but it is not yet fully operated, although its deposits are estimated at approximately 20,000,000 tons.

In the area about 800 kilometers from north to south between Tanh Hoa in northernmost Annam and Sarawak, there are many layers of iron ores generally called the Annam Iron Ore Mass. These deposits are formed mainly of limonite, but it is only that part near the coastline that has been thus far exploited. Of the approximately ten iron mine lots situated along both banks of the Song-ka River at intervals of five to six kilometers, three are actually being operated under Japanese-French management.

### Gold

Gold also is one of the important mining products of French Indo-China. It is produced in almost all parts of the region. It is said that there are gold-fields in Tongking and Annam and in the basin of the Mekong River in Laos, as well as in Siemphon in Cambodia. These fields remain unexploited. As a result, however, of the advance in the price of gold, the output has increased and now exceeds that of zinc and comes next to tin.

### Other Mineral Products

Rock phosphate is phosphate of lime which is formed in lime rock as solid deposits. It is mined from deposits in Tongking and

Annam. Antimony is produced in Tongking and Annam. There had been no production up to 1934, but in that year a native mining industrialist discovered antimony ores containing five per cent of the mineral and since then surveys and exploration have been active. Production in 1936 reached the figure of 327 metric tons.

Manganese, like antimony, had been neglected prior to 1934 but since 1935 its output has shown a rapid increase. Chromium ores are produced in northern Annam while silver is produced in Tongking. Precious stones, such as rubies and sapphires are produced from the alluvial deposits in Phai Linh and Bokeo in Cambodia.

In short, it seems not to be far from the truth to assert that the mineral resources of French Indo-China still remain an unknown quantity.

### Forestry

Fifty-seven per cent of the entire area of French Indo-China, that is, 43,410,000 hectares, is forest land. With its warm temperature and comparatively high humidity the whole region is suited for the growth of trees and plants. For instance, the mountainous districts in Laos, Cambodia, Annam and Tongking form extensive forest zones. Laos alone claims 20,400,000 hectares of forests. The total area of forests which are being cleared reaches 480,000 hectares. The greater part of this area is claimed by Cochin China. The kinds of timber thus obtained are many and those suited for building and furniture manufacturing alone number some 800. Teak, *tim* and *treac* in particular are important. According to statistics, the revenue of French Indo-China from the forests reached 2,160,000 piastres in 1935. Systematic methods of forestry control, characteristic of France, are applied in French Indo-China with a degree of success seldom seen in other colonies.

### The Aquatic Industry

French Indo-China, with its coastline extending 2,700 kilometers, possesses exceedingly rich aquatic resources. The fishing methods actually in use are quite primitive, however, and this being the case, the marine industry as a whole is not yet fully developed. Nevertheless, the actual haul of fish reaches a considerable figure and aquatic products form one of the colony's important exports.

## New 55-Horse-power "Caterpillar"

A new 55-horse-power Diesel tractor, which has been designed to meet the present day problem of greater capacity and speed without increased operating costs, had been announced by Caterpillar Tractor Co.

The new D6 tractor offers many engineering developments which enable it to do an unusually large quantity of work in relation to its size and horse-power. In addition to mechanical improvements, the efficiency of the machine has been increased by considering the operator's comfort, and by lessening fatigue.

A quantity of features enable the driver to get the most work out of the machine, and at the same time to expend a minimum amount of physical energy. As an example, although the tractor weighs more than eight tons, it can be steered as easily as an automobile. A separate control unit does the work by hydraulic pressure, when only 14 pounds of pull are exerted on the steering clutch levers.

Comfort for the driver in a wide, soft seat, back rest and liberal foot room also increase efficiency. Practical streamlining provides a "teardrop" hood that allows perfect visibility on the job being done.

The tractor has been "geared to the job" with nine practical working speeds. Five of these are forward, offering a range of from 1.4 to 5.8 miles an hour, with the standard transmission group. For each of these first four forward speeds there is a corresponding, but slightly higher reverse; and the motion of the tractor can be reversed by merely pushing or pulling a single lever. An optional transmission group, giving speeds spaced from 1.7 to 5.3 miles an hour, is available.

In order to obtain greater strength and at the same time to keep weight within the correct limits, welded steel construction is

The principal fishing grounds are situated in the Bay of Tongking, the coast of Annam and the littoral of Cochin China. In the Baie d'Alor, in particular, are found numerous kinds of the same tribe in decidedly greater numbers than in any other part of French Indo-China. Fishing is quite impossible along the coast of Cochin China from May to September owing to the southwesterly monsoon. During the season, lasting from October to April, fishing is carried on chiefly by Chinese.

The fish caught, for the most part, is canned, pickled with salt or smoked for export. The demand for fish oil has suddenly increased of late and the amount of its export at present reaches 2,000 metric tons. Grand Lac ("Cat Lake) in Cambodia is the habitat of a great many kinds of fish, so much so that it can be called a natural fish-pond. Practically all the aquatic products exported from Saigon are made from freshwater fish caught in this lake. Also, salt is manufactured in the salt-fields in Tongking, Annam and Cochin China through the solar evaporation process.

### Communications and Traffic

The foregoing is a general account of the industry and natural resources of French Indo-China. In conclusion may be given an outline of the communication and traffic facilities, which bear a close and inseparable connection with the various kinds of industry and resources.

The railways in French Indo-China cover a total mileage of no more than 2,234 kilometers and their traffic volume is extremely small. The number of passengers is less than 10,000,000 per annum while the annual volume of freight does not reach 1,000,000 tons. There are 35,000 kilometers of roads for motor traffic, of which 16,200 kilometers are surfaced. The road connecting Saigon, Hanoi and Haiphong, in particular, is a very fine one that permits motor-car travel at speeds as high as 100 kilometers an hour. This is credit to the public engineering authorities of the colony.

The number of automobiles and trucks in actual use is still very small. From the foregoing, it can only be concluded that the means of transportation remain more or less highly developed. Owing to this factor, the natural resources of the region, its mineral resources in particular are, for the most part, not as yet sufficiently exploited.

used extensively. The frame and steering clutch case are of the construction, and are built into a one-piece unit.

The D6 has been designed to spend a maximum amount of time on the job, and with this in mind, very few points require regular servicing, and these at infrequent intervals. Accessibility has been a prime consideration in the design, and as an example, steering clutches are individually removable through the top of the steering clutch case, without disturbing the final drive or the large bevel gear that drives the clutches.

The new tractor is powered by a six-cylinder, water-cooled "Caterpillar" Diesel engine, with a bore and stroke of 4½-in. by 5½-in., and a full load governed RPM of 1400. The engine is completely sealed against dust or dirt, and has only two working adjustments—the fan belt and valve clearance. Fuel and lubricating oil are filtered through special absorbent type cotton filter elements. No. 2 and No. 3 furnace oils can be used as fuel.

Cylinder liners and crankshaft journals, as well as many other tractor parts, including track roller shafts and rims, are given a "Hi-Electro" induction hardening treatment, which makes them so hard that a file won't mark them. The crankshaft journals are then superfinished to within a few millionths of an inch of absolute accuracy.

A wide variety of allied equipment has been designed for the new tractor. Cable controlled or hydraulically operated scrapers of 8-9 yard capacity are available. Logging arches, bulldozers, winches and other equipment fit it for almost every type of heavy-duty work.

A spark-ignition tractor, the R6, of the same horse-power, has also been announced by "Caterpillar." This machine has a 6-cylinder gasoline engine of the same bore and stroke and features similar engineering design throughout.

# The New Far Eastern University

The youngest of all Manila Universities, the Far Eastern University has for the last six years achieved a fame and progress that has drawn considerable praise from educational leaders in the Philippines

(*American Chamber of Commerce Journal, Manila*)

**D**octor NIVANOR I. REYES, president of the Far Eastern University, backed by several broad-minded colleagues, founded in 1931 a university that was destined to be among the most modern educational institutions of its kind in the Philippines.

Believing that nothing is too good for the university the staff of the institution has launched an extensive building construction program involving the amount of P.1,000,000.

So far four edifices have been completed and one is under construction. Other buildings will be constructed soon.

The latest structure to be completed was the FEU main building which faces the three lane Quezon Avenue. This cost P.300,000. The girls' high school was terminated late in 1939 at the cost of around P.150,000; the home economics building also in 1939 for P.15,000 and the Technology building last July, at the cost of P.40,000. A target range and armory cost around P.13,000.

Sometime later an auditorium which will be used for diverse university social activities, open forums, commencement and opening exercises will be erected. A boys' high school building is also under consideration.

Believing in the efficacy of religious training to the youth the university may eventually construct a church behind the girls' high school building.

The new main building, designed by Architect Pablo S. Antonio and constructed by Martin and Sison, Inc., was finished last year.

The main features of the old main building on Azcarraga which had to be demolished to give way to the Quezon Avenue, were preserved, "for posterity."

It is of modern architecture type, adopted to Philippine climatic conditions. The proportions, elevation and architecture of the old building can be clearly seen on the new.

The building is U-shaped and a well executed compact plan lends spaciousness by simplicity of elements and well organized interiors. There are wide corridors and four large stairs in proper locations.

Built on a 200 square meter lot, the new main building has three storeys. The first floor holds the great hall, the administration offices and laboratories; on the second are the office of the president and deans and class rooms while the third floor holds more class rooms and library.

The library occupies a considerable portion of the main floor and has dimensions of 18 by 40 meters.

In case of emergency the students could use the several fire escapes placed for this purpose.

The building will be used for the colleges of law, arts and sciences, accounts and business finance and the boys' high school, (by day).

The school year 1940 saw the Far Eastern University topping all other universities in Manila with an enrollment of 8,600 excluding

her Lingayen junior college which by itself enrolled 600 students. She also registered the highest university enrollment in 1939.

"The meteoric increase of the FEU enrollment from 4,000 to 8,000 within the brief span of six years is unprecedented in Far Eastern educational annals. This is vividly seen in the following statistics:

Year	Total Enrollment
1934-35	4,137
1935-36	5,226
1936-37	5,261
1937-38	5,849
1938-39	6,534
1939-40	7,713

"The FEU student population symbolizes a tapestry of human races. The majority of students are, of course, Filipinos from all corners of the country, but there are also students from virtually all parts of the Far East, hence the name of the university is justly

merited. Foreign nationalities in the university are represented by 214 Chinese, 68 Siamese, 17 Japanese, 4 Hindus, 4 Americans, and a sprinkling of Spaniards.

"The University Library includes the general library and the branch libraries in the different institutes and departments and in the Junior College at Lingayen. It contains approximately 19,000 volumes and about 200 periodicals published in the Philippines and abroad. Its collection of books on business and economics is said to be the best of its kind among Philippine universities.

"Journalism and literature are fostered by the administration.

"There is no endowment fund in the university, but the administration, even with such handicap, offers various scholarships—one full year's free tuition to high school valedictorians, one semester's free tuition to salutatorians, and free tuitions to poor deserving students in the elementary school department. Every semester or quarter the ranking scholars in all institutes and departments are also granted free scholarships. Medals, books, and cash prizes are awarded annually to honor graduates and to alumni who distinguish themselves in the CPA and bar examinations.

"The whole university functions as a democracy. The students are given every opportunity for self-government compatible with discipline. Each college has a 'student council' of its own to take care of matters of purely student concern. There is a 'central student cabinet' composed of the heads of the several student councils. Matters affecting the welfare of the entire university student body are within its jurisdiction.

"The FEU is the first private university to establish an ROTC (Reserve Officers' Training Camp) unit of its own free will, without compulsion from government authorities.

(Continued on page 180)



Main building of The Far Eastern University

# Newchwang: Old Treaty Port of Manchuria

By CHARLES N. SPINKS

(*Eastern Asia*)

UNTIL the port of Dairen assumed its present-day importance, the principal maritime outlet of Manchuria was the old treaty port of Yingkou, more commonly known as Newchwang. Yingkou stands about fourteen miles from the mouth of the Liao River which drains the southern half of Manchuria and which once constituted the main artery to the interior of the country. This port, however, had little or no trade before 1830. About that time it took the place of Tien-chuang-tai, some twenty miles further up the river, as the principle trading port, just as this town in the latter half of the eighteenth century had supplanted the original Newchwang, still further upstream. Both of these changes had been caused by the fact that the Liao River had been silted up, making it too shallow for sea-going junks, and had repeatedly changed its course to the disadvantage of navigation.

Before these significant changes had taken place, the original town of Newchwang had been the chief commercial port for all of Manchuria. To Newchwang were assembled during the winter months when the Liao was frozen the products of the interior: soya beans and other cereals, animal furs, and skins. After the river opened in spring, junks from the various ports of China made their way up the sluggish stream to Newchwang, unloading their cargoes of textiles, paper, sugar, pottery, and other goods from the Middle Kingdom, and taking on in turn the products of Manchuria. During the summer months, smaller river junks plied the Liao to towns further upstream, bringing down the produce which had been transported to the landing stages by cart during the winter.

When Yingkou finally took the place of the upstream towns after 1830, it was a desolate village of mud huts on a swampy river bank, having previously been the summer encampment for fishermen in the Gulf of Linotung. Before Yingkou was formally opened to world trade as a treaty port through a stipulation in the Treaty of Tientsin of 1858, it was practically unknown to the Western world. The explorer Gutzlaff who went as far north as Chinchoufu in his voyage "along the coast of China to Manchu Tartary" in 1831, vividly describes the junk trade between China and the southern provinces of Manchuria. At that time, Chinchoufu, Kaichou, and Chinchou-ting were flourishing commercial centers on the Liaotung Gulf, and the "peas and drugs" which he described were even then important articles of trade. It is significant, too, that he found the commerce of Manchuria at this early period almost exclusively in the hands of the enterprising merchants of southern China.

It is a curious footnote to history that the Treaty of Tientsin provided for the opening of Newchwang to foreign trade, which for over half a century had ceased to be the port of Manchuria. This fact is certainly an unfavorable commentary on the foreign negotiators' familiarity with prevailing conditions in that corner of China, although it might also have been a bit of sly deception

on the part of the Chinese, authorizing as they did the opening of a port which was no longer accessible from the sea. Apparently the foreign treaty-makers had selected the town marked on the map which was nearest to the mouth of the Liao River, which happened to be the old port of Newchwang. But when the first British Consul, T. T. Meadows, arrived in 1861 and found to his surprise that Yingkou was the actual port of Manchuria, he established the consulate there, and "with a fine disregard for actualities, the place was rechristened 'Newchwang'." And henceforth, much to the confusion of those not familiar with this geographical informality, the so-called treaty port of Newchwang was not the Manchurian town of that name, but the old fishermen's encampment of Yingkou.

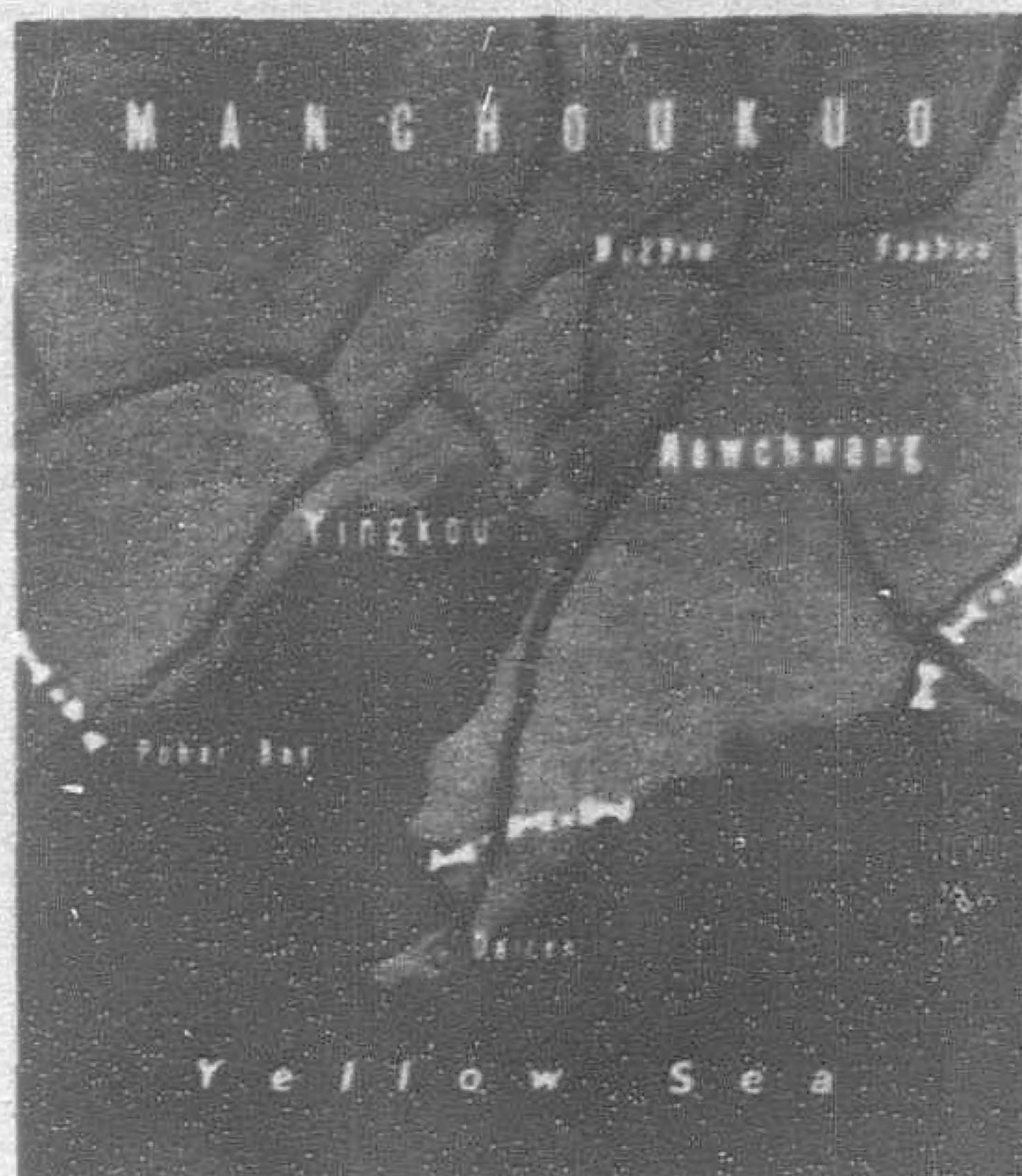
When the British consul arrived at Yingkou, thereafter called Newchwang, he found that the town was enjoying a lively business in the coastal trade, especially in soya beans and bean-cake. These products were brought down the river in 40-ton junks and transferred to 100-ton seagoing junks

which sailed for the ports of China, for even at this early date the sugar plantations of southern China depended heavily upon Manchuria's bean-cake for fertilizer. Several foreign vessels had actually touched at Newchwang before the consul's arrival, and it is believed that Chinese junks had already brought foreign goods to the port even before the Treaty of Tientsin. By 1864, when the Foreign Customs Office of the Imperial Maritime Customs was opened, a fair trade had developed at Newchwang. Previously the Chinese Government had collected duties and levies on this commerce through the office of the *Tsooni* of Shanhakuan. In its early days as a treaty port, Newchwang had all the attributes of a frontier town. According to the reports of the Commissioner of Customs, it was a rough, lawless place, infested with "outlaws, ruffians, and rowdies seeking an asylum from China proper."

In its first twenty years as a treaty port, however, Newchwang proved a great disappointment, for it was indeed

one of the most remote and unfrequented ports of China. But after 1880 the awakening came and a bright commercial future suddenly loomed ahead. In the next decade momentous changes took place and the trade of the port boomed. Toward the middle of the 1890's the railway from Tientsin began to approach Newchwang; then came the Sino-Japanese War of 1894-1895 with a subsequent expansion of trade which exceeded all previous records. But this was a short-lived glory. In 1898 Russia secured a 25-year lease of Port Arthur and the old village of Talienswan on the Liaotung Peninsula, and soon the driving of spikes told that a Russian railway branching off from the Trans-Siberian line was to run through the heart of Manchuria, not to Newchwang, but to the old Chinese fishing village on the Liaotung Peninsula.

This railway brought Newchwang's brief career to an end. The development of the port of Dairen, as the Russians called Talienswan, and its even more phenomenal development as Dairen under



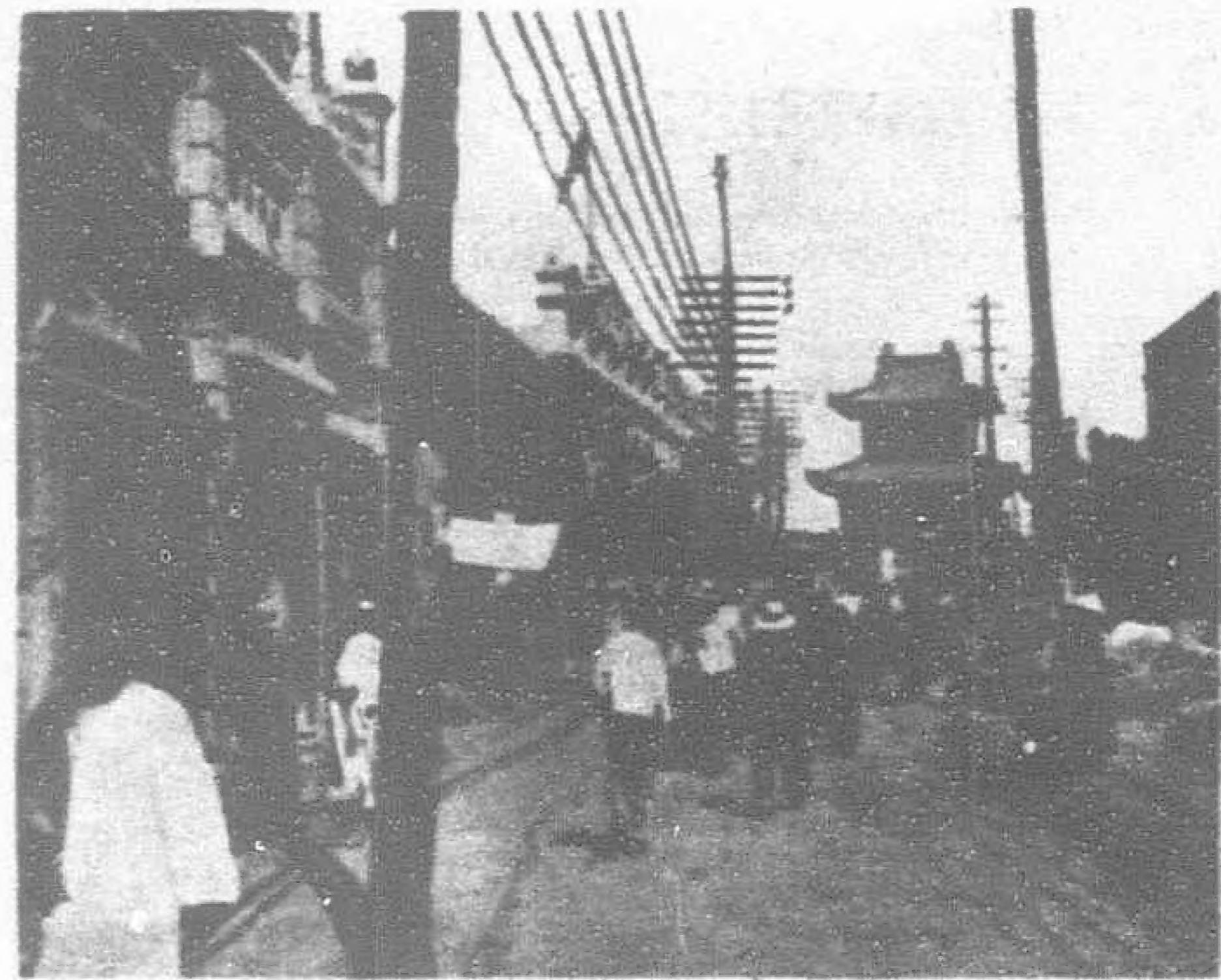
Japanese control after 1905, drew off most of the old Newchwang trade. The old treaty port could hold its own so long as there was no railway and Manchurian commerce depended on the mule-cart and the river junk. But such trade was strictly seasonal, for the mule-carts could only move in winter when the muddy roads were frozen over until their surfaces were as hard as asphalt, and the river junks could only ply the waterways in the summer months, for from October—November until March—April the streams were frozen. Moreover, Newchwang was cut off by ice for over five months of the year. By 1905 when the Liaotung Peninsula passed under Japanese control, Newchwang had lost its economic significance. During its period of importance, however, almost the entire trade of Manchuria can be measured by the Newchwang customs returns. This port was the economic pulse of Manchuria.

When the Foreign Customs House was established in 1864 the foreign import trade of Newchwang exceeded two million Haikwan Taels in annual value, with foreign exports below one million Taels. Imports and exports with China Proper averaged about one million Taels each annually. Thus Newchwang at this early date occupied but a minor position in the romantic commercial world of China. Though this trade was comparatively small, in 1864 no less than 252 foreign vessels entered and cleared the port, aggregating 74,092 tons, of which 106 vessels totalling 35,140 tons were British. At this time, and during the entire history of Newchwang, beans and bean-cake constituted the principal exports. Until about 1890 exports of oil extracted from the soya bean were only a minor item in Manchuria's foreign trade when compared with the large amounts of beans and bean-cake which were shipped abroad. There were two reasons for this meager shipment of a product which to-day occupies such a prominent position in Manchuria's trade. First of all, industrial chemistry had yet to demonstrate the value of this product and the numerous uses to which it could be put. And in the second place, the owners and captains of foreign vessels disliked to handle the product. Their ships were not adequately equipped with tank facilities and the oil was poorly packed for shipment by the dealers in Manchuria. The usual method, one which had been used for years, was to pack the oil in frail wooden crates or wicker baskets, lined with water, or rather, oil-proof paper. These crates broke easily and frequently leaked, with the result that the oil would spoil other goods in a ship's hold. The less exacting masters of the Chinese junks, however, were not reluctant to ship such a poorly packed commodity, and most of the oil trade was in their hands. Moreover, most of the oil was shipped to other Chinese ports which were served by the hundreds of junks which visited Newchwang annually.

Any discussion of Manchuria's early trade must make considerable allowance for the inter-port junk traffic, which unquestionably exceeded many times the Foreign Customs House statistics of trade between Manchuria and China Proper. This junk trade was never included in the statistics of the Imperial Maritime Customs, and only the most unreliable of estimates are available.

In view of subsequent developments of a politico-economic nature, it is of considerable significance to note that even at this early date Japan occasionally made heavy purchases of Manchuria's staple products. In 1869 and 1870 while the great transformations of the Meiji Era were beginning, large Japanese purchases of beans and bean-oil, especially the latter, saved the Newchwang trade from serious losses in those years. When, in 1871, there were no large orders from Japan for these products, many Newchwang merchants suffered heavily, having anticipated large shipments to Japan. In 1870 no less than 67 vessels cleared for Japanese ports.

At this time Japan's principal purchases were bean-oil, as the result of the failure of domestic oil-producing crops. For example, in 1871 Japan purchased beans to the extent of 89,169 piculs, or 9.2 per cent of the total exports; in 1872 orders amounted to only 32,940 piculs, or 2.7 per cent. Of bean-cake, Japan took 40,896 piculs (10 per cent) in 1871, and only 1,845 piculs (0.3 per cent)



Main street of Yingkou as it appeared twenty years ago

in 1872. In the case of bean-oil, however, Japanese orders accounted for 135,458 piculs, or 82 per cent of all the oil exported in 1870; 7,817 piculs, or 60.8 per cent in 1871, and 33,567 piculs or 90.6 per cent in 1872.

After 1872 the entire trade with Japan declined, and by 1878 total exports to that country amounted to only 30,733 Taels. In 1882, however, there was a marked increase in exports to Japan, rising no less than 244 per cent above the figures for 1881. There was also an important shift in the complexion of this trade. Bean-oil exports steadily declined, while the demand for beans and bean-cake became greater, although from 1882 until the end of the decade the entire trade was comparatively small and at times very irregular. After 1889 there was an unbroken and phenomenal growth. In that year bean-cake exports amounted to 79,234 piculs, the highest on record.

This sudden expansion in trade with Japan was generally attributed to the failure of bean crops in southern Korea which had caused Japan to turn to Manchuria for her foreign supply. This was one reason, but another of equal importance and significance was the fact that from this time on there was a decline in herring catches in northern waters which brought about an appreciable rise in the price of fish fertilizer. Thereafter, there was a continued substitution of bean-cake as a fertilizer for fish waste which had previously been of such importance.

After 1889 this trade with Japan underwent continued growth and this year marked a distinct turning point in economic relations between the two countries. In the following year, 1890, bean exports amounted to 110,159 piculs and cake to 79,907 piculs, increasing to 329,930 piculs and 214,567 piculs, respectively, in 1891. This was also a record year for the general trade of Manchuria which reached 2,616,492 Taels in value over 1890 and no less than 6,708,100 Taels in value over 1887, which had hitherto been the record year.

The year 1892 again witnessed a phenomenal increase. Cake rose to 508,264 piculs and beans to 856,458 piculs. Except for a few sundries shipped to Vladivostok, shipments to Japan in 1892 absorbed almost the whole of Manchuria's foreign export trade. Because of this sudden growth in trade, the Nippon Yusen Kaisha, then in its infancy, established regular monthly service between Newchwang and Korean and Japanese ports in the spring of 1891. Bean-cake shipments declined to 321,945 piculs in 1893, but beans increased to 1,068,538 piculs, the highest figure before the Sino-Japanese War of 1894-1895. The outbreak of hostilities in August, 1894, dealt a severe blow to Manchuria's export trade which had promised to be most favorable that year. Thus in the years

immediately preceding this conflict, Japan had become a major factor in Manchuria's export trade; and what is of equal significance, Japan had become dependent upon Manchuria for her overseas supply of soya beans and soya bean-cake. Even at this comparatively early date, the humble soya bean had brought the two countries into close relationship.

A comparison of this trade with Japan and trade with China Proper and other regions is of interest. Except for the year 1872 when Japan imported 33,567 piculs of bean-oil, there was no heavy demand for this product again until 1902 when Japanese imports came to 28,256 piculs. Bean-oil exports were never an important factor in trade with Japan, or, in fact, in Manchuria's export trade as a whole, the bulk of shipments going to China Proper in junks. At this time the bean-oil industry of Manchuria was in a primitive stage, the oil being extracted by means of simple hand presses. The industry owes its main development to Japanese enterprise after the Russo-Japanese War of 1904-1905, when first machine presses and later chemical extraction processes were undertaken. Before this period of development, the largest amount ever exported in foreign vessels occurred in 1900 when 216,950 piculs were shipped to China Proper, Japan receiving only 3,268 piculs and Hongkong 4,188 piculs.

In the case of beans and bean-cake, it is significant to follow Japan's share in Manchuria's total trade in these commodities. In 1869 Japan imported about 128,000 piculs of beans, whereas China Proper received 1,238,094 piculs. The following year, however, Japan took 339,166 piculs and China only 634,576 piculs. After this year the proportion dwindled. During the years 1879 and 1880 Japan imported 131,253 and 123,393 piculs, respectively, while China imported 1,004,082 and 1,236,805 piculs, respectively. At the same time, Hongkong took 678,069 piculs in 1879 and 750,622 piculs in 1880. By 1892 Japan's share increased, reaching 856,458 piculs as against 3,138,768 piculs for China Proper and only 174,761 piculs for Hongkong. The record year 1893 showed a still larger proportion, Japan receiving 1,060,538 piculs, China 2,190,679 piculs, and Hongkong 88,008 piculs. It was not until 1897 that such a large proportion was again obtained. From 1897 until the outbreak of the Russo-Japanese War Japan's proportion increased considerably, in 1899 reaching 2,240,279 piculs against China's 2,233,149 piculs, although over this period Japan's trade averaged about 50 per cent of the total export trade of Manchuria. It should be noted that the figures given here for China Proper are too low, ignoring, of course, the large junk traffic which was not recorded in the customs' statistics.

Japan's trade with Manchuria was distinctly a one-sided business. In the entire period before the Sino-Japanese War Japan's exports to Manchuria were insignificant, and it was not until 1899 that they exceeded one million Haikwan Taels in annual value. At no time, however, did Japanese exports to Manchuria begin to approach the value of Japanese imports from that country.

Nevertheless, Japan's exports to Manchuria have a significance which should not be overlooked, for their potential character was fully as important as their actual value. In the early period of intercourse these exports consisted mainly of marine products, particularly dried seaweed. For example, in 1879 Japan exported 1,063 piculs of seaweed to Manchuria as compared with 27,441 piculs exported from Russia's Maritime Province. It was not until after 1890 that Japanese exports began to assume more promising proportions and greater variety. During this period the

cotton textile trade constituted the most important item in Manchuria's imports, and the business was dominated by Great Britain, the United States, and India. In 1890 English drills amounted to 183,036 Taels and sheets, 102,004 Taels; while American drills and sheets were valued at 333,818 Taels and 851,068 Taels, respectively. At the same time, 1,414,720 Taels worth of Indian yarn was imported. Japan, on the other hand, exported a mere 66 Taels worth of cotton cloth, although in 1890 Japan's total exports to Manchuria were valued at 30,497 Taels, the highest on record. During the two previous years a few Japanese merchants had attempted to find a market in Manchuria for cotton goods, but with little success.

Japanese industrial development at this time was just beginning to reach a position where it could turn to exports, but in the export of textiles to Manchuria, the main rivalry was between the United States and Great Britain, with the former considerably in the lead.

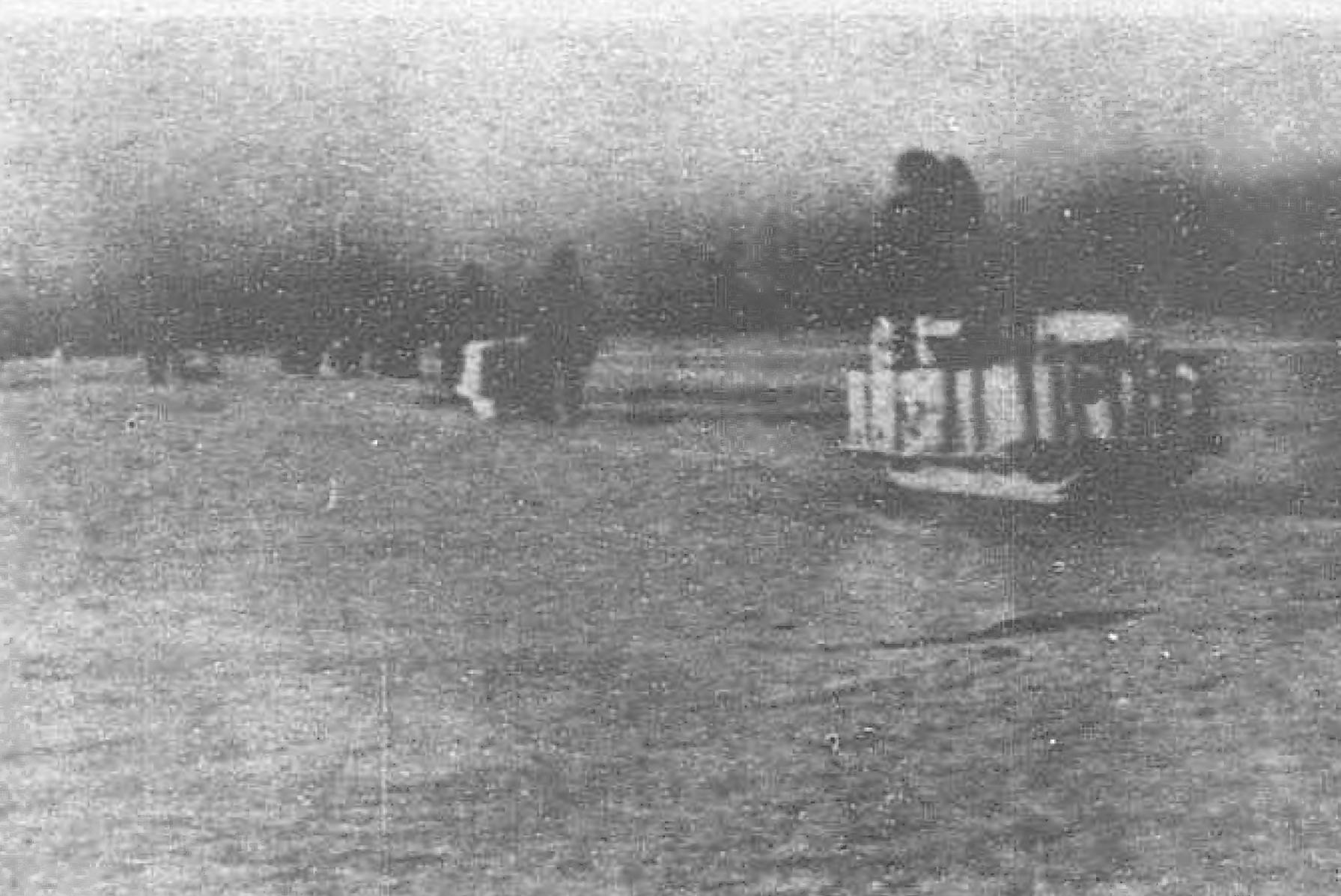
In 1891 Japanese cotton cloth imports rose to 459 Taels, but American sheeting jumped to 1,198,136 Taels, while Indian yarn imports reached 2,055,265 Taels. Japanese seaweed was high at 4,339 piculs, but Russia exceeded this with imports amounting to 51,143 piculs. The only item from Japan really worthy of mention for this year was copper slabs, valued at 7,898 Taels.

In 1892, however, Japanese imports made a phenomenal jump from 22,012 Taels in the preceding year to 84,613 Taels. The main item, as previously, was dried seaweed, valued at 36,645 Taels, along with coal and coarse China-ware valued at 4,494 Taels. Cotton cloth was almost negligible, a mere 457 pieces, valued at 591

Taels. By 1893 Japanese traders began establishing themselves in Manchuria and showed considerable enterprise for their limited numbers. At the same time, regular steamship service was inaugurated between Newchwang and Japan. Although the year 1893 witnessed no further increase in the value of Japanese imports, their great variety brought a comment from the customs inspector in his annual report, for they included "several items new to this market, which may possibly lead to larger importations hereafter"; for example, 517 pieces of cotton lasting, 1,697 dozen cotton handkerchiefs, 190 pieces of flannel, 231 pairs of blankets, 2,900 gross of brass buttons, and 5,868 lamps. Matches showed a marked increase from none in the returns for 1890 to 4,425 gross for 1891, 24,750 gross for 1892, and 31,775 gross for 1893.

The Sino-Japanese War, of course, dealt a blow to this import trade as it did to the export of beans and bean-cake to Japan. Nevertheless, before hostilities broke out, Japan's imports had almost equalled the total for 1893. The importation of matches was almost double for the entire preceding year, while umbrellas increased sevenfold, and textiles also showed a marked rise. As the custom officials at Newchwang reported:

Tentative importations of Cotton Crepe, T-Cloths, Drills, and Yarn, all of Japanese manufacture, were also made for the first time. War has checked the prospect of any immediate enlargement of trade in these articles here, but the fact of their being manufactured and sent to this country must be taken as another proof that the inevitable competition on Eastern soil for the supply of the practically unlimited Piece Goods markets of the East has already made some progress, and, if present conditions continue, must prove disastrous to the textile industries of the gold-using countries of the West.



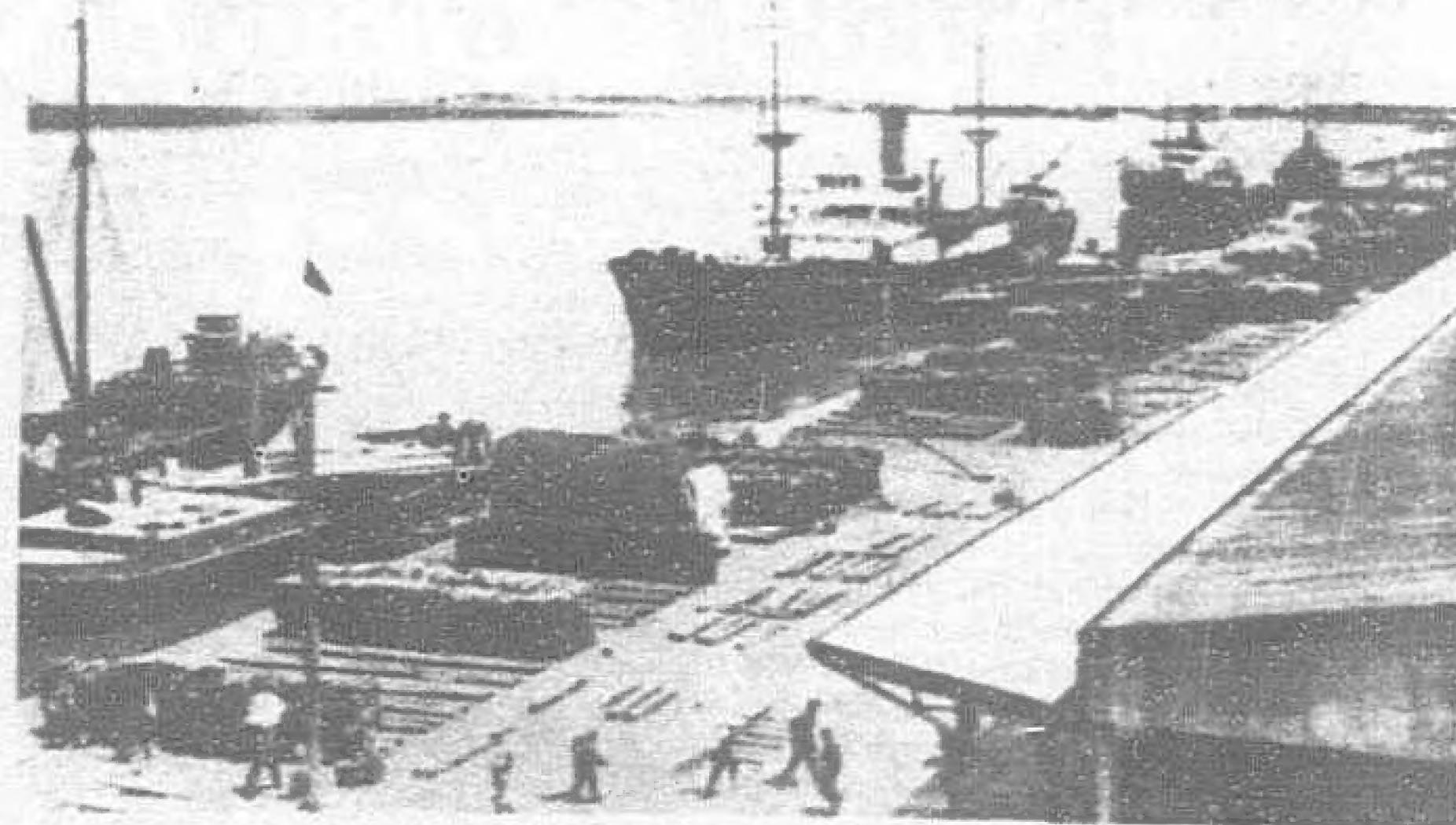
How soya bean and other commodities are transported over frozen surface of the River Liao

As a result of the war Indian yarn imports fell, while imports of yarn from England almost ceased. At the same time, it was noted that Shanghai and Japanese yarn was "fast getting into favor with the people," for it was as good and cheaper than yarn from other sources. From Shanghai 20,000 Taels of yarn were received, and from Japan, 30,000 Taels. During the first half of 1894 Japanese vessels represented 8 per cent of the total foreign ships coming to Newchwang, compared with 47 per cent British and 32 per cent German.

After the war there was a sudden growth in Japanese imports. Indeed, as the customs reports showed, they had "escaped from their swaddling clothes, and under the stimulus of low exchange are clearly bent on securing a solid footing in these provinces." This trade rose to a value of 142,928 Taels in 1896, towels increasing twofold, matches threefold, handkerchiefs threefold, cotton cloth fivefold, and umbrellas sevenfold. The following year Japanese imports rose to 280,476 Taels and again to 594,390 Taels in 1898. In this year Indian yarn fell from 770,000 Taels to 234,000 Taels, while Japanese yarn increased from 140,000 Taels to 192,000 Taels. By 1899 Japanese imports jumped to 1,723,999 Taels; by 1902 to 2,160,329 Taels, and in 1903 to 2,466,002 Taels, or almost half of the total import trade of 5,850,995 Taels for that year.

In 1898 Japan along with Great Britain secured sites for settlements at Newchwang along the northern bank of the Liao River where the terminus of the railway line from Shantung was to be established. During the decade from 1891 to 1901 Japanese shipping at Newchwang also showed a remarkable development. In 1897 Britain owned half the tonnage coming to the port, but in 1901 her proportion had dropped to 41.8 per cent, while Japan's share had increased from a mere 6.65 per cent in 1892 to 42.95 per cent in 1901.

Newchwang's significant trade with Japan played an important rôle in the affairs of Manchuria. It was during this period that the Manchu Government at Peking decided to modify its restrictions on Chinese emigration to Manchuria, and there was soon an important flow of seasonal and permanent workers from China Proper. In 1876 the customs officials at Newchwang estimated that in the neighborhood of one million Shantung and Chihli coolies came to Manchuria, an estimate perhaps far too high but nevertheless indicative of the large population movement which was then taking place. Most of the activity of these newcomers went into the cultivation of the soya bean, and as the customs officials at Newchwang noted in their trade report covering the decade from 1891 to 1901, "by a happy stroke of fortune, at the moment when there was a superabundance of supply there arose in Japan a great demand for the staple productions. The discovery of the



The river front at Yingkou

Japanese market for beans and bean-cake was the most potent economical factor in the development of trade in Southern Manchuria."

And all this while Newchwang, the bustling little port at the mouth of the Liao River was the center of this important commerce. But its romantic career, its significant rôle in the opening of Manchuria, soon came to an end. In 1895 Taliowan on the Liaotung Peninsula was opened as a year-round port; a railroad soon ran the length of Manchuria with which neither mule-carts nor Liao River junks could compete. Russia was moving in from the far north to a new dominion which only Japan dared to challenge. Prophetic were the words of a Newchwang customs officer as he concluded his report in the first year of the new century: in the past decade "this once disregarded portion of the earth became enmeshed in the great events which are working themselves out in Far Eastern Asia."

But these significant words were also an advanced obituary for the extinction of Newchwang's important part in the economic history of Manchuria. Now overshadowed by Dairen, Newchwang slumbers as a quiet little town on the banks of the sluggish Liao. Yet in its neat streets and buildings it has preserved some of its flourishing treaty-port character. Rarely visited by the tourist, Newchwang is the symbol of a romantic but now forgotten period in Manchuria's history—the mule-cart and river-junk stage of commerce. And rarely visited by Japanese who look with pride on their achievements at Dairen, Newchwang is also symbolic of a commerce which was the first motivating force in bringing this region within Japan's orbit.

## The New Far Eastern University

(Continued from page 176)

The university takes pride in its crack ROTC unit, the largest of its kind among Manila universities and colleges, which has won several trophies in the annual national ROTC competitions.

The FEU Institute of Law, first organized by Justice Pedro Concepcion, improved by Justice Mariano Albert, and now supervised by Dean Leoncio B. Monzon, is fast forging ahead in legal education.

In the realm of collegiate sports, the FEU occupies a top-birth position. Its famous boxing squad has won all nationalistic championships from 1934 to 1939. Three of its boxers represented the Philippines in the last World Olympic Games held in Berlin. the UAAP (University Athletic Association of the Philippines) annual tournaments, its athletes generally obtain high places, copping the boxing, wrestling, basketball, and tennis championships in 1938-39 and clinching the boxing and tennis championships and tying for the basketball and baseball championships in 1939-40.

In the MAASS (Manila Athletic Association of Secondary Schools) meets in 1938-39, the FEU secondary schools athletes won the boxing, tennis, swimming, and basketball championships, and repeated their brilliant showing the following year. In 1938-39 the FEU lassies annexed the National Girls' Volleyball championship. The banner year of the FEU in scholastic sports was in 1939-40. During this time Felicisimo Anpon, FEU tennis champion, won the Manila International Tennis singles by beating Kukuljevic, Jug-Slovakian champion, and represented the Philippines, together with Sanchez, in the 1939 Davis Cup Tennis Matches: the FEU lads beat the visiting All-Japan Basketball and Boxing Teams, being the only Philippine aggregation to perform the feat; and in April and May, 1939, the crack FEU Basketball Team invaded Penang and Singapore, the only Philippine team to do so, and returned home in a blaze of glory, having won all its games."